



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2005 REGULAR SESSION

SENATE BILL NO. 49

AS ENACTED

Volume 1 of 4

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TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY Janet A. Johnson

AN ACT relating to the executive branch of state government.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 Section 1. KRS 12.020 is amended to read as follows:

2 Departments, program cabinets and their departments, and the respective major
3 administrative bodies that they include are enumerated in this section. It is not intended
4 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
5 bureau, interstate compact, commission, committee, conference, council, office, or any
6 other form of organization shall be included in or attached to the department or program
7 cabinet in which they are included or to which they are attached by statute or statutorily
8 authorized executive order; except in the case of the Personnel Board and where the
9 attached department or administrative body is headed by a constitutionally elected officer,
10 the attachment shall be solely for the purpose of dissemination of information and
11 coordination of activities and shall not include any authority over the functions,
12 personnel, funds, equipment, facilities, or records of the department or administrative
13 body.

14 I. Cabinet for General Government - Departments headed by elected officers:

- 15 1. The Governor.
- 16 2. Lieutenant Governor.
- 17 3. Department of State.
 - 18 (a) Secretary of State.
 - 19 (b) Board of Elections.
 - 20 (c) Registry of Election Finance.
- 21 4. Department of Law.
 - 22 (a) Attorney General.
- 23 5. Department of the Treasury.
 - 24 (a) Treasurer.
- 25 6. Department of Agriculture.

1 (a) Commissioner of Agriculture.

2 (b) Kentucky Council on Agriculture.

3 7. Auditor of Public Accounts.

4 II. Program cabinets headed by appointed officers:

5 1. Justice Cabinet:

6 (a) Department of State Police.

7 (b) Department of Criminal Justice Training.

8 (c) Department of Corrections.

9 (d) Department of Juvenile Justice.

10 (e) Office of the Secretary.

11 (f) Offices of the Deputy Secretaries.

12 (g) Office of General Counsel.

13 (h) Division of Kentucky State Medical Examiners Office.

14 (i) Parole Board.

15 (j) Kentucky State Corrections Commission.

16 (k) Commission on Correction and Community Service.

17 2. Education, Arts, and Humanities Cabinet:

18 (a) Department of Education.

19 (1) Kentucky Board of Education.

20 (b) Department for Libraries and Archives.

21 (c) Kentucky Arts Council.

22 (d) Kentucky Educational Television.

23 (e) Kentucky Historical Society.

24 (f) ~~Kentucky Teachers' Retirement System Board of Trustees.~~

25 ~~(g)~~ Kentucky Center for the Arts.

26 ~~(g)~~~~(h)~~ Kentucky Craft Marketing Program.

27 ~~(h)~~~~(i)~~ Kentucky Commission on the Deaf and Hard of Hearing.

- 1 (j)~~(j)~~ Governor's Scholars Program.
- 2 (k)~~(k)~~ Governor's School for the Arts.
- 3 (l)~~(l)~~ Operations and Development Office.
- 4 (m)~~(m)~~ Kentucky Heritage Council.
- 5 (n)~~(n)~~ Kentucky African-American Heritage Commission.
- 6 (o)~~(o)~~ Board of Directors for the Center for School Safety.

7 3. Natural Resources and Environmental Protection Cabinet:

- 8 (a) Environmental Quality Commission.
- 9 (b) Kentucky Nature Preserves Commission.
- 10 (c) Department for Environmental Protection.
- 11 (d) Department for Natural Resources.
- 12 (e) Department for Surface Mining Reclamation and Enforcement.
- 13 (f) Office of Legal Services.
- 14 (g) Office of Information Services.
- 15 (h) Office of Inspector General.

16 4. Transportation Cabinet:

- 17 (a) Department of Highways.
 - 18 1. Office of Program Planning and Management.
 - 19 2. Office of Project Development.
 - 20 3. Office of Construction and Operations.
 - 21 4. Office of Intermodal Programs.
 - 22 5. Highway District Offices One through Twelve.
- 23 (b) Department of Vehicle Regulation.
- 24 (c) Department of Administrative Services.
- 25 (d) Department of Fiscal Management.
- 26 (e) Department of Rural and Municipal Aid.
- 27 (f) Department of Human Resources Management.

- 1 (g) Office of the Secretary.
- 2 (h) Office of General Counsel and Legislative Affairs.
- 3 (i) Office of Public Affairs.
- 4 (j) Office of Transportation Delivery.
- 5 (k) Office of Minority Affairs.
- 6 (l) Office of Policy and Budget.
- 7 (m) Office of Technology.
- 8 (n) Office of Quality.
- 9 (o) Office of the Transportation Operations Center.
- 10 5. Cabinet for Economic Development:
- 11 (a) Department of Administration and Support.
- 12 (b) Department for Business Development.
- 13 (c) Department of Financial Incentives.
- 14 (d) Department of Community Development.
- 15 (e) Department for Regional Development.
- 16 (f) Tobacco Research Board.
- 17 (g) Kentucky Economic Development Finance Authority.
- 18 6. Environmental and Public Protection Cabinet:
- 19 (a) Public Service Commission.
- 20 (b) Department of Insurance.
- 21 (c) Department of Housing, Buildings and Construction.
- 22 (d) Department of Financial Institutions.
- 23 (e) Department of Mines and Minerals.
- 24 (f) Department of Public Advocacy.
- 25 (g) Department of Alcoholic Beverage Control.
- 26 (h) Kentucky Horse Racing Authority.
- 27 (i) Board of Claims.

- 1 (j) Crime Victims Compensation Board.
- 2 (k) Kentucky Board of Tax Appeals.
- 3 (l) Office of Petroleum Storage Tank Environmental Assurance Fund.
- 4 (m) Department of Charitable Gaming.
- 5 (n) Mine Safety Review Commission.
- 6 7. Cabinet for Families and Children:
- 7 (a) Department for Community Based Services.
- 8 (b) Department for Disability Determination Services.
- 9 (c) Public Assistance Appeals Board.
- 10 (d) Office of the Secretary.
- 11 (1) Kentucky Commission on Community Volunteerism and Service.
- 12 (e) Office of the General Counsel.
- 13 (f) Office of Program Support.
- 14 (g) Office of Family Resource and Youth Services Centers.
- 15 (h) Office of Technology Services.
- 16 (i) Office of the Ombudsman.
- 17 (j) Office of Human Resource Management.
- 18 8. Cabinet for Health Services.
- 19 (a) Department for Public Health.
- 20 (b) Department for Medicaid Services.
- 21 (c) Department for Mental Health and Mental Retardation Services.
- 22 (d) Kentucky Commission on Children with Special Health Care Needs.
- 23 (e) Office of Certificate of Need.
- 24 (f) Office of the Secretary.
- 25 (g) Office of the General Counsel.
- 26 (h) Office of the Inspector General.
- 27 (i) Office of Aging Services.

9. Finance and Administration Cabinet:

- (a) Office of General Counsel~~[Financial Management]~~.
- (b) Office of the Controller.
- (c) Office of Administrative Services~~[Department for Administration]~~.
- (d) Office of Public Information~~[Department of Facilities Management]~~.
- (e) Department for Facilities and Support Services.
- (f) Department of Revenue.
- (g) Commonwealth Office of Technology.
- (h) State Property and Buildings Commission.
- ~~[(f) Kentucky Pollution Abatement Authority.]~~
- ~~(i) [(g)]~~ Kentucky Savings Bond Authority.
- ~~[(h) Deferred Compensation Systems.]~~
- ~~(j) [(i)]~~ Office of Equal Employment Opportunity and Contract Compliance.
- ~~[(j) Office of Capital Plaza Operations.]~~
- (k) County Officials Compensation Board.
- (l) Kentucky Employees Retirement Systems.
- (m) Commonwealth Credit Union.
- (n) State Investment Commission.
- (o) Kentucky Housing Corporation.
- ~~[(p) Governmental Services Center.]~~
- ~~(p) [(q)]~~ Kentucky Local Correctional Facilities Construction Authority.
- ~~(q) [(r)]~~ Kentucky Turnpike Authority.
- ~~(r) [(s)]~~ Historic Properties Advisory Commission.
- ~~(s) [(t)]~~ Kentucky Tobacco Settlement Trust Corporation.
- ~~(t) [(u)]~~ Eastern Kentucky Exposition Center Corporation.
- ~~(u) [(v)]~~ State Board for Proprietary Education.

1 (v) Kentucky Higher Education Assistance Authority.

2 (w) Kentucky River Authority.

3 (x) Kentucky Teachers' Retirement System Board of Trustees.

4 10. Labor Cabinet:

- 5 (a) Department of Workplace Standards.
- 6 (b) Department of Workers' Claims.
- 7 (c) Kentucky Labor-Management Advisory Council.
- 8 (d) Occupational Safety and Health Standards Board.
- 9 (e) Prevailing Wage Review Board.
- 10 (f) Workers' Compensation Board.
- 11 (g) Kentucky Employees Insurance Association.
- 12 (h) Apprenticeship and Training Council.
- 13 (i) State Labor Relations Board.
- 14 (j) Kentucky Occupational Safety and Health Review Commission.
- 15 (k) Office of Administrative Services.
- 16 (l) Office of Information Technology.
- 17 (m) Office of Labor-Management Relations and Mediation.
- 18 (n) Office of General Counsel.
- 19 (o) Workers' Compensation Funding Commission.
- 20 (p) Employers Mutual Insurance Authority.

21 ~~11. Revenue Cabinet:~~

- 22 ~~(a) Department of Property Valuation.~~
- 23 ~~(b) Department of Tax Administration.~~
- 24 ~~(c) Office of Financial and Administrative Services.~~
- 25 ~~(d) Department of Law.~~
- 26 ~~(e) Department of Information Technology.~~
- 27 ~~(f) Office of Taxpayer Ombudsman.~~

1 ~~12.~~ Tourism Development Cabinet:

- 2 (a) Department of Travel.
- 3 (b) Department of Parks.
- 4 (c) Department of Fish and Wildlife Resources.
- 5 (d) Kentucky Horse Park Commission.
- 6 (e) State Fair Board.
- 7 (f) Office of Administrative Services.
- 8 (g) Office of General Counsel.
- 9 (h) Tourism Development Finance Authority.

10 12.~~[13].~~ Cabinet for Workforce Development:

- 11 (a) Department for Adult Education and Literacy.
- 12 (b) Department for Technical Education.
- 13 (c) Department of Vocational Rehabilitation.
- 14 (d) Department for the Blind.
- 15 (e) Department for Employment Services.
- 16 (f) Kentucky Technical Education Personnel Board.
- 17 (g) The Foundation for Adult Education.
- 18 (h) Department for Training and Reemployment.
- 19 (i) Office of General Counsel.
- 20 (j) Office of Communication Services.
- 21 (k) Office of Workforce Partnerships.
- 22 (l) Office of Workforce Analysis and Research.
- 23 (m) Office of Budget and Administrative Services.
- 24 (n) Office of Technology Services.
- 25 (o) Office of Quality and Human Resources.
- 26 (p) Unemployment Insurance Commission.

27 13.~~[14].~~ Personnel Cabinet:

- 1 (a) Office of Administrative and Legal Services.
- 2 (b) Department for Personnel Administration.
- 3 (c) Department for Employee Relations.
- 4 (d) Kentucky Public Employees Deferred Compensation Authority.
- 5 (e) Kentucky Kare.
- 6 (f) Division of Performance Management.
- 7 (g) Division of Employee Records.
- 8 (h) Division of Staffing Services.
- 9 (i) Division of Classification and Compensation.
- 10 (j) Division of Employee Benefits.
- 11 (k) Division of Communications and Recognition.
- 12 (l) Office of Public Employee Health Insurance.

13 III. Other departments headed by appointed officers:

- 14 1. Department of Military Affairs.
- 15 2. Council on Postsecondary Education.
- 16 3. Department for Local Government.
- 17 4. Kentucky Commission on Human Rights.
- 18 5. Kentucky Commission on Women.
- 19 6. Department of Veterans' Affairs.
- 20 7. Kentucky Commission on Military Affairs.
- 21 8. ~~{The Governor's Office for Technology.~~
- 22 9. ~~—~~ }Commission on Small Business Advocacy.
- 23 9.~~{10.}~~ Education Professional Standards Board.

24 Section 2. KRS 12.023 is amended to read as follows:

25 The following organizational units and administrative bodies shall be attached to the
 26 Office of the Governor:

- 27 (1) Council on Postsecondary Education;

- 1 (2) Department of Military Affairs;
- 2 (3) Department for Local Government;
- 3 (4) Kentucky Commission on Human Rights;
- 4 (5) Kentucky Commission on Women;
- 5 (6) Kentucky Commission on Military Affairs;
- 6 (7) Kentucky Coal Council;
- 7 (8) Governor's Office of Child Abuse and Domestic Violence Services;
- 8 (9) ~~{Governor's Office for Technology;~~
- 9 ~~(10)}~~ Office of Coal Marketing and Export;
- 10 ~~(10)}~~~~{(11)}~~ Agricultural Development Board;
- 11 ~~(11)}~~~~{(12)}~~ Commission on Small Business Advocacy;
- 12 ~~(12)}~~~~{(13)}~~ Office of Early Childhood Development;
- 13 ~~(13)}~~~~{(14)}~~ Kentucky Agency for Substance Abuse Policy;
- 14 ~~(14)}~~~~{(15)}~~ Education Professional Standards Board; and
- 15 ~~(15)}~~~~{(16)}~~ Kentucky Agricultural Finance Corporation.

16 Section 3. KRS 12.250 is amended to read as follows:

17 There are established within state government the following program cabinets:

- 18 (1) Justice Cabinet.
- 19 (2) Education, Arts, and Humanities Cabinet.
- 20 (3) Natural Resources and Environmental Protection Cabinet.
- 21 (4) Transportation Cabinet.
- 22 (5) Cabinet for Economic Development.
- 23 (6) Public Protection and Regulation Cabinet.
- 24 (7) Cabinet for Health Services.
- 25 (8) Cabinet for Families and Children.
- 26 (9) Finance and Administration Cabinet.
- 27 (10) Tourism Development Cabinet.

- 1 (11) ~~{Revenue Cabinet.~~
- 2 ~~{(12)}~~ Labor Cabinet.
- 3 (12)~~{(13)}~~ Cabinet for Workforce Development.
- 4 (13)~~{(14)}~~ Personnel Cabinet.

5 Section 4. KRS 11.065 is amended to read as follows:

- 6 (1) The secretaries of the Justice Cabinet, the Education, Arts, and Humanities Cabinet,
- 7 the Natural Resources and Environmental Protection Cabinet, the Transportation
- 8 Cabinet, the Cabinet for Economic Development, the Public Protection and
- 9 Regulation Cabinet, the Cabinet for Health Services, the Cabinet for Families and
- 10 Children, the Finance and Administration Cabinet, ~~{the Revenue Cabinet, }~~the
- 11 Tourism Development Cabinet, the Labor Cabinet, the Personnel Cabinet, the
- 12 Governor's Executive Cabinet, the state budget director, the Governor's chief of
- 13 staff, and the Lieutenant Governor shall constitute the Governor's Executive
- 14 Cabinet. There shall be a vice chairman appointed by the Governor who shall serve
- 15 in an advisory capacity to the Executive Cabinet. The Governor shall be the
- 16 chairman, and the secretary of the Finance and Administration Cabinet shall be a
- 17 second vice chairman of the Executive Cabinet. The Governor may designate others
- 18 to serve as vice chairman.
- 19 (2) The cabinet shall meet not less than once every two (2) months and at other times
- 20 on call of the Governor. The Executive Cabinet shall be a part of the Office of the
- 21 Governor and shall not constitute a separate department or agency of the state.
- 22 Members of the cabinet shall be the major assistants to the Governor in the
- 23 administration of the state government and shall assist the Governor in the proper
- 24 operation of his office and perform other duties the Governor may require of them.
- 25 (3) The cabinet shall consider matters involving policies and procedures the Governor
- 26 or any member may place before it. The cabinet shall advise and consult with the
- 27 Governor on all matters affecting the welfare of the state.

Section 5. KRS 42.014 is amended to read as follows:

(1) There is established within the cabinet the:

(a) Office of the secretary;

(b) Commonwealth Office of Technology~~[Financial Management, the Office of Capital Plaza Operations]~~, and the Office of the Controller, each of which shall be headed by an executive director appointed by the secretary with the approval of the Governor; and

(c) ~~[, the]~~Department of Revenue~~[for Administration,]~~ and the Department for Facilities and Support Services~~[Management]~~, each of which shall be headed by a commissioner appointed by the secretary, upon the approval of the Governor, and responsible to the secretary. Each of these departments may have at least one (1) major assistant not in the classified service.

(2) The secretary shall establish the internal organization and assignment of functions which are not established by statute, and shall divide the cabinet into the offices, bureaus, divisions, or other units the secretary deems necessary to perform the functions, powers, and duties of the cabinet, subject to the provisions of KRS Chapter 12.

(3) All appointments under this chapter to positions not in the classified service shall be made pursuant to KRS 12.050, and such appointees shall be major assistants to the secretary and shall assist in the development of policy.

Section 6. KRS 42.013 is repealed and reenacted as KRS 42.0145 and amended to read as follows:

(1) The office of the secretary of the Finance and Administration Cabinet shall consist of the Office of General Counsel, Office of Administrative Services, Office of Public Information, and Office of Equal Employment Opportunity and Contract Compliance, each headed by an executive director who shall be appointed by the secretary with the approval of the Governor. The office of the secretary shall

1 include a deputy secretary who shall be appointed by the secretary with the approval
 2 of the Governor. The deputy secretary shall be responsible to and have such
 3 authority to sign for the secretary as the secretary designates in writing.

- 4 (2) The secretary may organize the office into such additional administrative units as he
 5 deems necessary to perform the functions and fulfill the duties of the cabinet,
 6 subject to the provisions of KRS Chapter 12.~~[The Office of the Secretary shall~~
 7 ~~include the Office of Technology Operations, the Office of Legal and Legislative~~
 8 ~~Services, the Office of Management and Budget, the Customer Resource Center,~~
 9 ~~and the Administrative Policy and Audit Division.]~~
- 10 (3) All appointments under this chapter to positions not in the classified service shall be
 11 made pursuant to KRS 12.050, and such appointees shall be major assistants to the
 12 secretary and shall assist in the development of policy.

13 SECTION 7. A NEW SECTION OF KRS CHAPTER 42 IS CREATED TO
 14 READ AS FOLLOWS:

15 *The Office of Public Information, in close communication with the secretary, shall*
 16 *oversee all publication information issues, manage requests for information, prepare*
 17 *press releases, respond to press inquiries, and coordinate the publication of*
 18 *newsletters, reports, Web site information, and other statewide communications of the*
 19 *cabinet.*

20 Section 8. KRS 42.017 is amended to read as follows:

- 21 (1) The Office of *General Counsel*~~[Legal and Legislative Services]~~ established within
 22 the Office of the Secretary by *Section 6 of this Act*~~[KRS 42.013]~~ shall be ~~[generally~~
 23 ~~]responsible for~~ *the coordination and provision of legal services for the cabinet*
 24 *and for other*~~[such]~~ functions and duties as the secretary may assign relating to the
 25 performance of the cabinet's legal services~~[and legislative liaison functions]~~.
- 26 (2) ~~[There shall be included within]~~The Office of *General Counsel shall be headed by*
 27 *an executive director who shall function as the*~~[Legal and Legislative Services a]~~

1 general counsel. The executive director shall be appointed in accordance with,
 2 whose appointment shall be made pursuant to} KRS 12.210 and, who} shall report
 3 to the secretary[through the head of the Office of Legal and Legislative Services].
 4 The Attorney General, on request of the secretary, may designate attorneys in the
 5 Office of General Counsel[Legal and Legislative Services] as assistant attorneys
 6 general as provided in KRS 15.105.

7 (3) The Office of General Counsel shall consist of two (2) offices, each of which
 8 shall provide legal services for its respective offices and departments, as follows:

9 (a) Office of Legal Services for Finance and Technology, headed by an
 10 executive director and composed of organizational entities deemed
 11 appropriate by the secretary of the Finance and Administration Cabinet;
 12 and

13 (b) Office of Legal Services for Revenue, headed by an executive director,
 14 including the Division of Protest Resolution and any additional
 15 organizational entities deemed appropriate by the secretary of the Finance
 16 and Administration Cabinet.

17 Section 9. KRS 42.023 is repealed and reenacted as KRS 42.0171 and amended to
 18 read as follows:

19 (1) The Office of Administrative Services established in Section 6 of this
 20 Act[Department for Administration of the cabinet established by KRS 42.014] shall
 21 be generally responsible for all internal administrative and human resource
 22 functions of the cabinet, including but not limited to providing administrative
 23 assistance; managing and preparing the cabinet's budget; performing general
 24 accounting; managing fiscal, personnel, and payroll functions of the cabinet;
 25 providing statewide postal and printing services; providing administrative support
 26 to boards and commissions; and performing any additional administrative
 27 functions and duties the secretary may assign[relating, but not limited to,

supervision of purchasing and store keeping, control of stores, control of personal property and disposition of surplus personal property, printing and reproductions, state forms, postal services, and technical assistance and advice to state agencies].

(2) There shall be established in the Office of Administrative Services the Division of Budget and Planning, the Division of Human Resources, the Division of Administrative Support Services, the Division of Occupations and Professions, the Division of Postal Services, and the Division of Printing Services~~[Department for Administration a Division of Material and Procurement Services, a Division of Surplus Property, a Division of Printing, a Division of Risk Management, a Division of Creative Services, a Division of Occupations and Professions, and a Division of Postal Services]~~, each of which shall be headed by a division director appointed by the secretary of the Finance and Administration Cabinet~~[commissioner]~~, subject to the approval of the Governor, and who shall be responsible to the executive director of the Office of Administrative Services~~[commissioner]~~. There may be, if needed, sections assigned to specific areas of work, responsible directly to the executive director of the Office of Administrative Services~~[commissioner for administration]~~.

Section 10. KRS 42.025 is repealed and reenacted as KRS 42.0172 and amended to read as follows:

(1) The Division of Printing Services shall be responsible for the printing and duplicating needs of state agencies, as designated by the Finance and Administration Cabinet.

(2) The Division of Postal Services shall operate the centralized postal services for executive branch agencies as set forth in KRS 12.020. The division shall operate at a central location with additional locations necessary to maintain and improve service levels.

Section 11. KRS 42.0201 is amended to read as follows:

- 1 (1) There is created within the Finance and Administration Cabinet the Office of the
 2 Controller. ~~{The office shall be attached to the Office of the Secretary of the~~
 3 ~~Finance and Administration Cabinet for administrative and reporting purposes.}~~
- 4 (2) The Office of the Controller shall be headed by an executive director appointed by
 5 the secretary of the Finance and Administration Cabinet with the approval of the
 6 Governor. The executive director shall function as the state controller, who shall be
 7 a person qualified by education and experience for the position and held in high
 8 professional esteem in the accounting community.
- 9 (3) The state controller shall be the Commonwealth's chief accounting officer and shall
 10 be responsible for all aspects of accounting policies and procedures, financial
 11 accounting systems, and internal accounting control policies and procedures. The
 12 Office of the Controller shall establish guidelines for state personnel administration
 13 on issues relating to paycheck distribution dates, assignment of data elements to
 14 accurately report labor costs, assignment and tracking of actual expenditures by
 15 code, and coverage issues relating to Social Security and Medicare.
- 16 (4) The state controller; the executive director of the Office of Financial Management,
 17 Finance and Administration Cabinet; and the state budget director designated under
 18 KRS 11.068 shall develop and maintain the Commonwealth's strategic financial
 19 management program.
- 20 (5) *Executive directors and division directors appointed under this section shall be*
 21 *appointed by the secretary with the approval of the Governor.*
- 22 (6) There are established in the Office of the Controller the *following organizational*
 23 *entities:*~~{Division of Statewide Accounting Services and the Division of Social~~
 24 ~~Security.}~~
- 25 (a) *The Office of Policy and Audit, which shall be headed by an executive*
 26 *director and shall have the duties and responsibilities established in Section*
 27 *13 and Section 14 of this Act;*

1 (b) The Office of Financial Management, which shall be headed by an
 2 executive director and shall have the duties and responsibilities established
 3 in Section 16 of this Act;

4 (c) The Office of Material and Procurement Services, which shall be headed by
 5 an executive director and shall have the duties established in Section 12 of
 6 this Act;

7 (d) The Office of Customer Resource Center, which shall be headed by an
 8 executive director and shall be responsible for providing a help desk for
 9 users of state government's financial and procurement system, including
 10 state employee users and vendors and payees of the Commonwealth who do,
 11 or would like to do, business with the state; training state employees in the
 12 use of state government's financial and procurement system; and assisting
 13 cabinet entities in improving the quality of their products and processes;

14 (e) The Division of Local Government Services, which shall be headed by a
 15 division director and shall be responsible for:

16 1. Providing property valuation administrators with fiscal, personnel,
 17 payroll, training, and other essential administrative support services;

18 2. Overseeing Kentucky's Social Security coverage program, including
 19 but not limited to all aspects of FICA wage reporting for state
 20 government and the Commonwealth's Social Security coverage
 21 agreement;

22 3. Serving as liaison between local governments and the federal Internal
 23 Revenue Service and Social Security Administration;

24 4. Serving as the payroll and fiscal officer for the sheriff and clerk in
 25 counties over seventy thousand (70,000) in population, disbursing
 26 various reimbursements and expenditures to local governments and
 27 serving as liaison and conduit for all court fees associated with report

of state money through the Circuit Courts;

5. Directing the federal employment tax program for state employees;

and

6. Performing state government's duties relating to the county fee system
for local entities;

~~(f)~~ The Division of Statewide Accounting Services, headed by a division
director~~[shall be headed by a director]~~ appointed by the secretary of the
Finance and Administration Cabinet, subject to the approval of the Governor.
The director shall report directly to the state controller. The division shall
perform financial record keeping functions at the state controller's direction,
and shall be responsible for:

~~1.—~~ } the performance of the cabinet's functions outlined in KRS 45.305,
48.800, and other related statutes~~;~~ and

~~2.—~~ The state government's duties and functions relating to the county fee
system for local entities.

~~(b)~~ The Division of Social Security shall be headed by a director appointed by the
secretary of the Finance and Administration Cabinet pursuant to KRS 12.050.
The director shall report directly to the state controller. The division shall be
responsible for the duties of the state agency for Social Security specified in
KRS 61.410 to 61.500}.

Section 12. KRS 42.024 is amended to read as follows:

~~[(1)]~~ The Office~~[Division]~~ of Material and Procurement Services within the Office of
the Controller shall be responsible for the performance of the cabinet's purchasing
functions under KRS Chapters 45 and 45A, except those purchasing functions related to
the acquisition of interests in real property, and contractual and construction services
which are related to and required in connection with the construction, renovation, and
repair of state-owned buildings. The Office~~[Division]~~ of Material and Procurement

1 Services shall be responsible for the control of all state-purchased personal property.

2 ~~[(2) The Division of Surplus Property shall be responsible for the disposition of all~~
 3 ~~personal property of the state declared surplus. The division shall be the single state~~
 4 ~~agency of the Commonwealth of Kentucky that may receive, warehouse, and~~
 5 ~~distribute surplus property under the Federal Property and Administrative Services~~
 6 ~~Act of 1949, as amended, and any other federal law relating to the disposal of~~
 7 ~~surplus federal property to the states and political subdivisions within the states.~~
 8 ~~The division shall comply with federal laws and regulations in the administration of~~
 9 ~~surplus property received through federal agencies. The secretary of the Finance and~~
 10 ~~Administration Cabinet may promulgate administrative regulations in accordance~~
 11 ~~with KRS Chapter 13A as necessary to comply with the minimum standards~~
 12 ~~established by federal laws and regulations governing disposal of surplus federal~~
 13 ~~property and to implement subsection (3) of this section.~~

14 ~~(3) The Division of Creative Services shall provide photography, multimedia, and~~
 15 ~~graphic service to state government.~~

16 ~~(4) The secretary of the Finance and Administration Cabinet may establish, charge, and~~
 17 ~~collect from donees of federal surplus property a fair and reasonable fee or service~~
 18 ~~charge to defray the cost of operating the surplus property disposal program. The~~
 19 ~~fees shall be deposited in a trust and agency account in the State Treasury to the~~
 20 ~~credit of the Division of Surplus Property.]~~

21 Section 13. KRS 42.065 is amended to read as follows:

22 (1) *The Office of*~~[An Administrative]~~ Policy and Audit~~[Division is]~~ established in the
 23 Office of the *Controller in Section 11 of this Act*~~[Secretary within the Finance and~~
 24 ~~Administration Cabinet.~~

25 (2) ~~The Administrative Policy and Audit Division shall be headed by a director,~~
 26 ~~appointed by the secretary of finance pursuant to KRS 12.050, and shall include~~
 27 ~~other personnel employed pursuant to KRS Chapter 18A, as determined by the~~

1 ~~director of the division, with the approval of the secretary, to be necessary and~~
 2 ~~desirable to carry out the division's functions.~~

3 ~~(3) The division~~ may, with the approval of the secretary of *the Finance and*
 4 *Administration Cabinet*~~[finanee]~~, conduct any internal audit, investigation, or
 5 management review in the Finance and Administration Cabinet related to the
 6 secretary's duties and responsibilities as chief financial officer of the
 7 Commonwealth pursuant to KRS 42.012.

8 ~~(2)(4)~~ When it is necessary to complete an internal audit, investigation, or
 9 management review in the Finance and Administration Cabinet, with the written
 10 approval of the secretary of the *Finance and Administration Cabinet, the Office of*
 11 *Policy and Audit*~~[Governor's Executive Cabinet, the division]~~ shall have access,
 12 during business hours, to all books, reports, papers, and accounts in the office or
 13 under the custody or control of any budget unit, or of any other program cabinet,
 14 department, or agency under the authority and direction of the Governor.

15 Section 14. KRS 42.0245 is repealed and reenacted as KRS 42.0651 and amended
 16 to read as follows:

17 ~~(1) [There is established within the Department for Administration in the Finance and~~
 18 ~~Administration Cabinet the Division of Risk Management. The division shall be~~
 19 ~~headed by a director who shall be appointed by the secretary of the Finance and~~
 20 ~~Administration Cabinet subject to the approval of the Governor.~~

21 ~~(2)~~ The *Office of Policy and Audit*~~[Division of Risk Management]~~ shall:

- 22 (a) Oversee and assist the management of the state fire and tornado insurance
- 23 fund established in KRS Chapter 56;
- 24 (b) Develop and manage programs of risk assessment and insurance for the
- 25 protection of state property not covered by the state fire and tornado insurance
- 26 fund;
- 27 (c) Advise the secretary of the Finance and Administration Cabinet on the fiscal

1 management of programs relating to life insurance, workers' compensation,
2 and health care benefits for state employees;

3 (d) Serve as the central clearinghouse for coordinating and evaluating existing
4 and new risk management programs within all state agencies;

5 (e) Develop financing techniques for risk protection; and

6 (f) Develop and implement other risk management, insurance, and self-insurance
7 programs or other functions and duties as the secretary of the Finance and
8 Administration Cabinet may direct the office to undertake and implement
9 within the general statutory authority and control of the Finance and
10 Administration Cabinet over state property and fiscal affairs of the executive
11 branch of state government, including, but not limited to, those areas
12 pertaining to tort and contractual liability, fidelity, and property risks.

13 ~~(2)~~~~(3)~~ Nothing in this section shall be construed or interpreted as affecting the
14 operation of the employee benefit programs generally administered by the Division
15 of Employee Benefits within the Personnel Cabinet and of the State Risk and
16 Insurance Services programs administered by the Department of Insurance.
17 However, both of those departments shall coordinate the operation of life insurance,
18 workers' compensation, health care benefit programs, and other self-insured
19 programs with the Office of Policy and Audit~~[Division of Risk Management]~~.

20 ~~(3)~~~~(4)~~ All cabinets, departments, boards, commissions, and other state agencies shall
21 provide to the Office of Policy and Audit~~[Division of Risk Management]~~ the
22 technical advice and other assistance the Office of Policy and Audit~~[Division of~~
23 ~~Risk Management]~~ or the secretary of the Finance and Administration Cabinet shall
24 request in the performance of the functions of the office~~[division]~~ as described in
25 this section.

26 ~~(4)~~~~(5)~~ The secretary of the Finance and Administration Cabinet shall have the power
27 and authority to promulgate administrative regulations pursuant to KRS Chapter

1 13A for purposes of implementing a risk management program for the executive
 2 branch of state government. Any administrative regulations promulgated by the
 3 secretary shall be administered by the *Office of Policy and Audit*~~[Division of Risk~~
 4 ~~Management]~~.

5 Section 15. KRS 42.400 is amended to read as follows:

6 (1) *The Office of Financial Management established in Section 11 of this Act*~~[There~~
 7 ~~is established within the Finance and Administration Cabinet an Office of Financial~~
 8 ~~Management, which]~~ shall be headed by an executive director responsible to the
 9 secretary of the Finance and Administration Cabinet, and appointed by the secretary
 10 upon approval of the Governor in accordance with the provisions of KRS 12.050.

11 (2) There are included in the Office of Financial Management *established in Section 11*
 12 *of this Act*~~[,]~~ the positions of deputy executive directors for investment and debt
 13 management, who shall be employed in the classified service as set forth in KRS
 14 Chapter 18A.

15 Section 16. KRS 42.410 is amended to read as follows:

16 (1) The Office of Financial Management established in *Section 11 of this Act*~~[KRS~~
 17 ~~42.400]~~ shall, subject to the provisions of KRS 41.020 to 41.375 and KRS 42.500,
 18 have and perform functions and duties as follows:

- 19 (a) The analysis and management of short and long-term cash flow requirements;
- 20 (b) The maximization of the return on state investments given the cash flow and
- 21 liquidity requirements;
- 22 (c) The coordination and monitoring of cash needs relative to investment and debt
- 23 activity;
- 24 (d) The development of a long-term debt plan including criteria for the issuance
- 25 of debt and an evaluation of how much total state debt is justified;
- 26 (e) The responsibility for liaison with the General Assembly on all investment
- 27 and debt matters, including, but not limited to, new bond issues, the status of

1 state debt, and the status of state investments; and

2 (f) All other functions of the cabinet relative to state investment and debt
3 management including, but not limited to, the making of debt service
4 payments, the sale of bonds, and staff assistance to the State Property and
5 Buildings Commission, the Asset Liability Commission, and the State
6 Investment Commission.

7 (2) The Office of Financial Management shall render monthly written reports
8 concerning the performance of each investment to the State Investment
9 Commission.

10 (3) The Office of Financial Management shall review state appropriation-supported
11 bond issues~~[every six (6) months]~~ for possible debt service savings through~~[~~
12 ~~advanced]~~ refundings as market conditions warrant.

13 (4) The Office of Financial Management shall submit a report within forty-five (45)
14 days after the publication of the Comprehensive Annual Financial Report to the
15 Legislative Research Commission, for referral to the appropriate committee,
16 indicating the bond issues refunded, original and new interest rates, estimated
17 savings, original and new amortization schedules, issuance costs, debt reserves,
18 disposition of savings, and information on economic, fiscal, and market indicators
19 of the Commonwealth's debt position.

20 (5) The state debt report shall include, but not be limited to, economic, fiscal, and
21 market indicators of debt position as set forth in this section. Indicators shall be
22 presented in tabular and, where appropriate, graphical form. Indicators shall be
23 presented for the fiscal year just ended and, if data is available and except as
24 otherwise noted, for the preceding nine (9) fiscal years.

25 (6) Economic indicators shall include:

26 (a) Nonappropriation-supported debt as a percent of state total personal income;

27 (b) Nonappropriation-supported debt as a percent of total assessed value of

- 1 property;
- 2 (c) Nonappropriation-supported debt per capita;
- 3 (d) Appropriation-supported debt as a percent of state total personal income;
- 4 (e) Appropriation-supported debt as a percent of total assessed value of property;
- 5 (f) Appropriation-supported debt per capita;
- 6 (g) Appropriation-supported debt service as a percent of total state personal
- 7 income;
- 8 (h) Appropriation-supported debt service as a percent of total assessed value of
- 9 property; and
- 10 (i) Appropriation-supported debt service per capita.
- 11 (7) Fiscal indicators shall be reported separately and in total for the general fund, the
- 12 road fund, and each restricted fund account from which debt service is expended.
- 13 (8) Fiscal indicators shall include:
- 14 (a) Annual appropriation-supported debt service as a percent of total revenues;
- 15 and
- 16 (b) Annual appropriation-supported debt service as a percent of available
- 17 revenues.
- 18 (9) Market indicators shall include:
- 19 (a) The rating assigned by Moody's Investors Services, Inc., or a comparable
- 20 rating agency, to each nonappropriation-supported bond issued in the fiscal
- 21 year just ended;
- 22 (b) The rating assigned by Moody's Investors Services, Inc., or a comparable
- 23 rating agency, to each appropriation-supported bond issued in the fiscal year
- 24 just ended;
- 25 (c) A comparison of the difference between the true interest cost of each
- 26 nonappropriation-supported bond issued and the value of a selected revenue
- 27 bond index, as published by the Bond Buyer Weekly, the Delphis Hanover

1 Corporation, or other comparable service on a date relevant to the bond issue;
2 and

3 (d) A comparison of the difference between the true interest cost of each
4 appropriation-supported bond issued and the value of a selected municipal
5 bond index, as published by the Bond Buyer Weekly, the Delphis Hanover
6 Corporation, or other comparable service on a date relevant to the bond issue.

7 (10) The state debt report shall contain a complete description of the sources of data used
8 to prepare the report. This description shall include, but not be limited to, an
9 enumeration, by fund and restricted fund account, of all debt, debt service, and
10 revenue figures; the source and publication date of figures used for state total
11 personal income, total assessed value of property, population, and selected bond
12 indexes.

13 (11) If the sources of data used in a current report differ substantially from those used in
14 the report of the preceding year, the report shall include a detailed explanation of
15 the change. If possible, data presented in the current report for previous years shall
16 be calculated so that, in any one (1) report, indicators for all years are calculated
17 using consistent data categories. The use of any inconsistent data shall be noted and
18 explained.

19 (12) Nothing in this section shall authorize any act inconsistent with the authority
20 granted the State Investment Commission by KRS 42.500 and 42.525.

21 Section 17. KRS 42.027 is repealed and reenacted as KRS 42.425 and amended to
22 read as follows:

23 (1) (a) The Department for Facilities and Support Services~~[Management]~~ established
24 in the Finance and Administration Cabinet by Section 5 of this Act~~[KRS~~
25 ~~42.014]~~ shall be generally responsible for performance of the cabinet's
26 functions and duties as outlined in KRS Chapters 45, 45A, and 56 with
27 relation to the management and administration of the State Capital

Construction Program, including without limitation to the generality thereof the procurement of necessary consulting services related to capital construction and building renovation projects, construction services, and supervision of building construction projects, and for the maintenance and operation of the state government's real property management functions and physical plant management functions.

(b) The department shall be headed by a commissioner appointed by the secretary of the Finance and Administration Cabinet.

(c) The department shall have the primary responsibility for developing and implementing policies applicable to all state agencies to ensure effective planning for and efficient operation of state office buildings, and shall provide appropriate assistance regarding the planning and efficient operation of all state facilities.

(d) The department shall be divided for administrative and operational purposes into a:

1. Division of Engineering **and Contract Administration;**

2. **Office of Building and Mechanical Services, headed by an executive director appointed by the secretary in accordance with KRS 12.050.**

The office shall provide building and grounds maintenance,

mechanical maintenance, and electronic security services to state-

owned facilities across the Commonwealth and shall consist of the

Division of Building Services and the Division of Mechanical

Services;~~[a Division of Contracting and Administration, a Division of~~

~~Building Services, a Division of Mechanical Maintenance and~~

~~Operations, a]~~

3. Division of Real **Properties;**~~[Property, and a]~~

4. Division of Historic Properties; **and**

1 5. Division of Surplus Properties.

2 (e) Each division~~[, each of which]~~ shall be headed by a division director
3 appointed by the secretary, subject to the approval of the Governor, and
4 responsible to the commissioner of the Department for Facilities and
5 Support Services. The commissioner shall provide for the distribution of the
6 department's work among the divisions within the department.

7 (f) The Division of Surplus Properties shall be responsible for the disposition
8 of all personal property of the state declared surplus. The division shall be
9 the single state agency of the Commonwealth of Kentucky that may receive,
10 warehouse, and distribute surplus property under the Federal Property and
11 Administrative Services Act of 1949, as amended, and any other federal law
12 relating to the disposal of surplus federal property to the states and political
13 subdivisions within the states. The division shall comply with federal laws
14 and regulations in the administration of surplus property received through
15 federal agencies. The division director may promulgate administrative
16 regulations in accordance with KRS Chapter 13A as necessary to comply
17 with minimum standards established by federal laws and regulations
18 governing disposal of surplus federal property and to implement the fee or
19 service charge provisions contained in this paragraph. The division director
20 may establish, charge, and collect from donees of federal surplus property a
21 fair and reasonable fee or service charge to defray the cost of operating the
22 surplus property disposal program. The fees shall be deposited in a trust
23 and agency account in the State Treasury to the credit of the Division of
24 Surplus Properties.

- 25 (2) In conjunction with the responsibilities listed in subsection (1) of this section, the
26 Department for Facilities and Support Services~~[Management]~~ shall have the
27 following duties:

1 (a) Establish policies to ensure efficient utilization of state property by:

- 2 1. Requiring the development of guidelines which set forth space standards
3 and criteria for determining the space needs of state agencies, and
4 maintaining an inventory which tracks the agencies' compliance with
5 those standards and criteria; and
6 2. Requiring certification of compliance, or justification for exceptions, as
7 a criterion for approval of additional space;

8 (b) Establish policies to ensure effective planning for state facilities by:

- 9 1. Developing a long-range plan for the Frankfort area, with priority on
10 reducing dependency on leased space and encouraging the consolidation
11 of agencies' central offices into single locations, and shared offices for
12 agencies with similar functions; and
13 2. Developing long-range plans for housing state agencies in metropolitan
14 areas, with priority on centralization of services and coordination of
15 service delivery systems; and
16 3. Encouraging executive branch agencies to expand long-range planning
17 efforts, consistent with the policies of the Capital Planning Advisory
18 Board; and
19 4. Supporting long-range planning for a statewide information technology
20 infrastructure to more efficiently deliver state government services;

21 (c) Establish priorities to allow least-cost financing of state facilities by:

- 22 1. Initiating policies which authorize the state to use innovative methods to
23 lease, purchase, or construct necessary facilities; and
24 2. Requiring cost analysis to determine the most effective method of
25 meeting space needs, with consideration for ongoing operations and
26 initial acquisition; and

27 (d) Implement and maintain a comprehensive real property and facilities

management database to include all state facilities and land owned or leased by the executive branch agencies, including any postsecondary institution. All state agencies and postsecondary institutions shall work cooperatively with the Department for Facilities and Support Services~~[Management]~~ to implement and maintain the database.

(3) The Department for Facilities and Support Services~~[Management]~~ shall develop plans for the placement of computing and communications equipment in all facilities owned or leased by state government. As part of this planning process, the department shall:

- (a) Provide adequate site preparation in all state-owned facilities and require the same of those from whom the state leases space as part of the lease agreement;
- (b) Fund a minimum level of site preparation for computing and communications in each new state-owned facility; and
- (c) As new office sites are developed, or existing ones undergo renovation, consider the placement of shareable high-cost, high-value facilities at strategic locations throughout the state. These facilities may include video teleconference centers, optical scanning and storage services, and gateways to high-speed communication networks.

Section 18. KRS 42.0271 is repealed and reenacted as KRS 42.430 and amended to read as follows:

- (1) To honor those Kentuckians who proudly served their country during the Vietnam War but remain unaccounted for, the Department of Veterans' Affairs shall update the plaque at the base of the Freedom Tree near the Floral Clock on the grounds of the New Capitol Annex to contain the names of Kentucky Vietnam War POW/MIAs from the most recent official accounting available from the United States Department of Defense. The plaque shall also contain a depiction of the POW/MIA flag of the National League of Families of American Prisoners of War

1 and Missing in Southeast Asia.

2 (2) The Department of Veterans' Affairs shall be responsible for the design of the new
3 plaque required by subsection (1) of this section, and the plaque shall be paid for by
4 the Department of Veterans' Affairs. The Department of Veterans' Affairs may
5 receive appropriations, gifts, grants, federal funds, and any other funds, both public
6 and private, to defray the cost of updating the plaque.

7 (3) The Department of Facilities and Support Services~~[Management]~~ shall be
8 responsible for preparing the base for the updated plaque, and for installing the
9 plaque. The Department of Facilities and Support Services~~[Management]~~ shall be
10 reimbursed the cost of the installation by the Department of Veterans' Affairs. The
11 Department of Facilities and Support Services~~[Management]~~ shall also be
12 responsible for the routine maintenance of the Freedom Tree, the memorial plaque,
13 and the grounds surrounding the tree and plaque.

14 Section 19. KRS 131.020 is amended to read as follows:

15 (1) The Department of Revenue~~[Cabinet]~~, headed by a commissioner appointed by
16 the secretary with the approval of the Governor, shall be organized into the
17 following functional units:

18 (a) Division of Legislative Services, headed by a division director who shall
19 report to the commissioner of the Department of Revenue. The division
20 shall perform such duties as providing support to the commissioner's office;
21 managing the department's legislative efforts, including developing and
22 drafting proposed tax legislation, coordinating review of proposed
23 legislation, and coordinating development of administrative regulations;
24 providing technical support and research assistance to all areas of the
25 department; performing studies, surveys, and research projects to assist in
26 policy-making decisions; and performing various miscellaneous duties,
27 including working on special projects and conducting training;

(b) Office of Processing and Enforcement, headed by an executive director who shall report directly to the commissioner. The office shall be responsible for processing documents, depositing funds, collecting debt payments, and coordinating, planning, and implementing a data integrity strategy. The office shall consist of the:

1. Division of Operations, which shall be responsible for opening all tax returns, preparing the returns for data capture, coordinating the data capture process, depositing receipts, maintaining tax data, and assisting other state agencies with similar operational aspects as negotiated between the department and the other agency;

2. Division of Collections, which shall be responsible for initiating all collection enforcement activity related to due and owing tax assessments and for assisting other state agencies with similar collection aspects as negotiated between the department and the other state agency; and

3. Division of Registration and Data Integrity, which shall be responsible for registering businesses for tax purposes, ensuring that the data entered into the department's tax systems is accurate and complete, and assisting the taxing areas in proper procedures to ensure the accuracy of the data over time;

~~{Office of the Secretary. The Office of the Secretary shall include the Office of the Taxpayer Ombudsman, the Office of Financial and Administrative Services, principal assistants and other personnel appointed by the secretary pursuant to KRS Chapter 12 as are necessary to enable the secretary to perform functions of the office;~~

~~(b) Office of Financial and Administrative Services. The Office of Financial and Administrative Services shall be headed by an executive director. The~~

functions and duties of the office shall include personnel services, administrative support, preparation and administration of the budget, training, and asset management;]

(c) Office of the Taxpayer Ombudsman. The Office of the Taxpayer Ombudsman shall be headed by an executive director, functioning as the^[a] taxpayer ombudsman as established by KRS 131.051(1) and KRS 131.071, who shall report to the commissioner. The functions and duties of the office shall consist of those established by KRS 131.071;

(d) ~~[Department of Law. The Department of Law shall be headed by a commissioner. The functions and duties of the department shall include establishing Revenue Cabinet tax policies, providing information to the public, conducting tax research, collecting delinquent taxes, conducting conferences, administering taxpayer protests, issuing final rulings, administering all activities relating to assessments issued pursuant to KRS 138.885, 139.185, 139.680, 141.340, 142.357, and 143.085, enforcing the criminal laws of the Commonwealth involving revenue and taxation, and representing the cabinet in legal and administrative actions. The Department of Law shall consist of the divisions of legal services, protest resolution, tax policy, collections, and research;~~

(e) ~~]Office[Department]~~ of Property Valuation. The Office^[a]~~[Department]~~ of Property Valuation shall be headed by an executive director who shall report directly to the^[a] commissioner. The functions and duties of the office^[a]~~[department]~~ shall include mapping, providing assistance to property valuation administrators, supervising the property valuation process throughout the Commonwealth, valuing the property of public service companies, valuing unmined coal and other mineral resources, administering tangible and intangible personal property taxes, and collecting delinquent

1 taxes. The Office~~[Department]~~ of Property Valuation shall consist of the
 2 Divisions of:

- 3 1. Local Valuation, which shall oversee the real property tax assessment
 4 and collection process throughout the state in each county's property
 5 valuation administrator's and sheriff's office;
- 6 2. State Valuation, which shall administer all state-assessed taxes,
 7 including public service property tax, motor vehicle property tax, and
 8 the tangible and intangible tax program; and
- 9 3. Minerals Taxation and GIS Services, which shall administer the
 10 severance tax and unmined minerals property tax programs and
 11 coordinate the department's geographical information system
 12 (GIS)~~[Technical Support]~~;

13 (e) Office of Sales and Excise Taxes, headed by an executive director who shall
 14 report directly to the commissioner. The office shall administer all matters
 15 relating to sales and use taxes and miscellaneous excise taxes, including but
 16 not limited to technical tax research, compliance, taxpayer assistance, tax-
 17 specific training, and publications. The office shall consist of the:

- 18 1. Division of Sales and Use Tax, which shall administer the sales and
 19 use tax; and
- 20 2. Division of Miscellaneous Taxes, which shall administer various other
 21 taxes, including but not limited to alcoholic beverage taxes; cigarette
 22 enforcement fees, stamps, meters, and taxes; gasoline tax; bank
 23 franchise tax; inheritance and estate tax; insurance premiums and
 24 insurance surcharge taxes; motor vehicle tire fees and usage taxes;
 25 and special fuels taxes;

26 (f) Office of Income Taxation, headed by an executive director who shall report
 27 directly to the commissioner. The office shall administer all matters related

to income and corporation license taxes, including technical tax research, compliance, taxpayer assistance, tax-specific training, and publications.

The office shall consist of the:

1. Division of Individual Income Tax, which shall administer the following taxes or returns: individual income, fiduciary, and employer withholding; and

2. Division of Corporation Tax, which shall administer the corporation income tax, corporation license tax, pass-through entity withholding, and pass-through entity reporting requirements; and

(g) Office of Field Operations, headed by an executive director who shall report directly to the commissioner. The office shall manage the regional taxpayer service centers and the field audit program.

~~{(f) Department of Tax Administration. The Department of Tax Administration shall be headed by a commissioner. The functions and duties of the department shall include recordkeeping, conducting audits, reviewing audits, rendering taxpayer assistance, and collecting delinquent taxes. The Department of Tax Administration shall consist of the Divisions of Field Operations, Revenue Operations, and Compliance and Taxpayer Assistance; and~~

~~(g) Department of Information Technology. The Department of Information Technology shall be headed by a commissioner. The functions and duties of the department shall include the development and maintenance of technology and information management systems in support of all units of the cabinet. The Department of Information Technology shall consist of the Division of Systems Planning and Development and the Division of Technology Infrastructure Support.]~~

(2) The functions and duties of the department~~[cabinet]~~ shall include conducting

1 conferences, administering taxpayer protests, and settling tax controversies on a fair
 2 and equitable basis, taking into consideration the hazards of litigation to the
 3 Commonwealth of Kentucky and the taxpayer. The mission of the
 4 department~~[cabinet]~~ shall be to afford an opportunity for taxpayers to have an
 5 independent informal review of the determinations of the audit functions of the
 6 department~~[cabinet]~~, and to attempt to fairly and equitably resolve tax controversies
 7 at the administrative level.

8 (3) The department shall maintain an accounting structure for the one hundred
 9 twenty (120) property valuation administrators' offices across the Commonwealth
 10 in order to facilitate use of the state payroll system and the budgeting process.

11 (4) Except as provided in KRS 131.190(4), the department~~[cabinet]~~ shall fully
 12 cooperate with and make tax information available as prescribed under KRS
 13 131.190(2) to the Governor's Office for Economic Analysis as necessary for the
 14 office to perform the tax administration function established in KRS 42.410.

15 (5) Executive directors and division directors established under this section shall be
 16 appointed by the secretary with the approval of the Governor.

17 Section 20. KRS 131.071 is amended to read as follows:

18 (1) There is hereby created and established within the Department of Revenue~~[~~
 19 ~~Cabinet]~~ an Office of Taxpayer Ombudsman to be staffed with a taxpayers' rights
 20 advocate and such other support personnel as may be deemed necessary to carry out
 21 the spirit and the specific purposes of KRS 131.041 to 131.081.~~[For administrative~~
 22 ~~and budgetary purposes, the Office of Taxpayer Ombudsman shall be attached to~~
 23 ~~the Office of the Secretary of Revenue.]~~

24 (2) The taxpayer ombudsman shall be a person with either no less than five (5) years of
 25 tax administration experience at a supervisory or management level or no less than
 26 ten (10) years of tax administration experience with at least five (5) years of
 27 experience working directly in the Office of Taxpayer Ombudsman. The taxpayer

ombudsman shall possess a broad general knowledge of the tax laws, regulations, systems, and procedures administered or utilized by the department~~[cabinet]~~.

(3) The taxpayer ombudsman shall:

(a) Coordinate the resolution of taxpayer complaints and problems if so requested by a taxpayer or his representative.

(b) Provide recommendations to the department~~[cabinet]~~ for new or revised informational publications and recommend taxpayer and department~~[cabinet]~~ employee education programs needed to reduce or eliminate errors or improve voluntary taxpayer compliance.

(c) Provide recommendations to the department~~[cabinet]~~ for simplification or other improvements needed in tax laws, regulations, forms, systems, and procedures to promote better understanding and voluntary compliance by taxpayers.

(d) At least annually, on or before October 1, prepare and submit a report to the commissioner~~[secretary]~~ of the Department of Revenue~~[Cabinet]~~ summarizing the activities of the Office of Taxpayer Ombudsman during the immediately preceding fiscal year describing any recommendations made pursuant to paragraphs (b) and (c) of this subsection, including the progress in implementing such recommendations, and providing such other information as the taxpayer ombudsman deems appropriate relating to the rights of Kentucky taxpayers.

Section 21. KRS 11.501 is amended to read as follows:

The General Assembly finds and declares that:

(1) The establishment of the position of the executive director of the Commonwealth Office of Technology, appointed by the secretary of the Finance and Administration Cabinet with the approval of the Governor~~[Chief Information Officer]~~ as the Commonwealth's single point of contact and spokesperson for all

- 1 matters related to information technology and resources, including policies,
2 standard setting, deployment, strategic and tactical planning, acquisition,
3 management, and operations is necessary and in keeping with the industry trends of
4 the private and public sectors;
- 5 (2) The appropriate use of information technology by the Commonwealth can improve
6 operational productivity, reduce the cost of government, enhance service to
7 customers, and make government more accessible to the public;
- 8 (3) Government-wide planning, investment, protection, and direction for information
9 resources must be enacted to:
- 10 (a) Ensure the effective application of information technology on state business
11 operations;
- 12 (b) Ensure the quality, security, and integrity of state business operations; and
13 (c) Provide privacy to the citizens of the Commonwealth;
- 14 (4) The Commonwealth must provide information technology infrastructure, technical
15 directions, and a proficient organizational management structure to facilitate the
16 productive application of information technology and resources to accomplish
17 programmatic missions and business goals;
- 18 (5) Oversight of large scale and government statewide systems or projects is necessary
19 to protect the Commonwealth's investment and to ensure appropriate integration
20 with existing or planned systems;
- 21 (6) A career development plan and professional development program for information
22 technology staff of the executive branch is needed to provide key competencies and
23 adequate on-going support for the information resources of the Commonwealth and
24 to ensure that the information technology staff will be managed as a
25 Commonwealth resource;
- 26 (7) The Commonwealth is in need of information technology advisory capacities to the
27 Governor and the agencies of the executive cabinet;

- 1 (8) Appropriate public-private partnerships to supplement existing resources must be
 2 developed as a strategy for the Commonwealth to comprehensively meet its
 3 spectrum of information technology and resource needs;
- 4 (9) Technological and theoretical advances in information use are recent in origin,
 5 immense in scope and complexity, and change at a rapid rate, which presents
 6 Kentucky with the opportunity to provide higher quality, more timely, and more
 7 cost-effective government services to ensure standardization, interoperability, and
 8 interconnectivity;
- 9 (10) The sharing of information resources and technologies among executive branch
 10 state agencies is the most cost-effective method of providing the highest quality and
 11 most timely government services that would otherwise be cost-prohibitive;
- 12 (11) The ability to identify, develop, and implement changes in a rapidly moving field
 13 demands the development of mechanisms to provide for the research and
 14 development of technologies that address systems, uses, and applications; and
- 15 (12) The exercise by the executive director of the Commonwealth Office of
 16 Technology~~[chief information officer]~~ of powers and authority conferred by KRS
 17 11.501 to 11.517, 45.253, 171.420, 186A.040, 186A.285, and 194B.102 shall be
 18 deemed and held to be the performance of essential governmental functions.
- 19 Section 22. KRS 11.505 is amended to read as follows:
- 20 (1) There is hereby created within the Finance and Administration Cabinet~~[Office of~~
 21 ~~the Governor]~~ an agency of state government known as the Commonwealth Office
 22 of Technology~~[Governor's Office for Technology]~~.
- 23 (2) The Commonwealth Office of~~[Governor's Office for]~~ Technology shall be headed
 24 by an executive director appointed by the secretary of the Finance and
 25 Administration Cabinet. Duties and functions of the executive director shall
 26 include those~~[the chief information officer for the Commonwealth]~~ established in
 27 KRS 11.511.

(3) The Commonwealth Office of Technology~~[Governor's Office for Technology]~~ shall consist of the following four (4)~~six (6)~~ executive offices, each headed by an executive director and organized into divisions headed by a division director:

(a) Office of the 911 Coordinator, which shall be headed by an executive director who shall be appointed by the Governor subject to confirmation by the Senate, from a list of no more than three (3) candidates recommended by the Commercial Mobile Radio Service Emergency Telecommunications Board. The executive director shall serve at the pleasure of the Governor. Vacancies shall be filled in the same manner as the original appointment. The Office of the 911 Coordinator shall have the duties and responsibilities established in Section 24 of this Act~~[Geographic Information]~~;

(b) Office of Enterprise Information Technology Policy and Planning, which shall consist of the following divisions:

1. Division of Enterprise Architecture;

2. Division of Relationship and Service Management;

3. Division of Geographic Information; and

4. Division of Information Technology Contract and Asset Management~~[Office of Human Resource Management and Development]~~;

(c) ~~[Office of Administrative Services, consisting of the:~~

~~1. Division of Financial and Business Management; and~~

~~2. Division of Asset Management;~~

(d) ~~Office of Policy and Customer Relations, consisting of the:~~

~~1. Division of Planning and Architecture;~~

~~2. Division of Relationship Management; and~~

~~3. Division of Information Technology Training;~~

(e) ~~]Office of Infrastructure~~ Services~~[Service]~~, consisting of the:

1. Division of Infrastructure~~[End User]~~ Support;

2. Division of Security Services;

3. Division of Computing Services; and

4. Division of Communication Services; and

~~[5. Division of Information Technology Operations;]~~

~~(d)~~~~(f)~~ Office of Consulting and Project Management, consisting of the:

1. Division of Centers of Expertise;

2. ~~[Division of Project Office and Integration;~~

3. ~~]Division of Human Services Systems;~~

~~3.~~~~[4.]~~ Division of Financial Systems;

~~4.~~~~[5.]~~ Division of Transportation Systems; and

~~5.~~~~[6.]~~ Division of ~~[Workforce Development and]~~ General Government
Systems~~;~~ and

~~(g) Office of General Counsel].~~

**(4) Executive directors and division directors appointed under this section shall be
appointed by the secretary with the approval of the Governor.**

Section 23. KRS 11.511 is amended to read as follows:

(1) ~~[There is hereby established a position of chief information officer for the
Commonwealth. This position shall be exempt from the classified service under
KRS 18A.115 and from the salary limitations of KRS 64.640, and shall be bonded
commensurate with cabinet secretaries under KRS 62.160. The chief information
officer shall be appointed by the Governor and serve in the Governor's Executive
Cabinet. The chief information officer shall report to the secretary of the Governor's
cabinet concerning his or her responsibilities to provide direction, stewardship,
leadership, and general oversight of information technology and information
resources.~~

~~(2)]The executive director of the Commonwealth Office of Technology~~~~[chief~~

1 ~~information officer~~ shall be the principal adviser to the Governor and the executive
 2 cabinet on information technology policy, including policy on the acquisition and
 3 management of information technology and resources.

4 ~~(2)(3)~~ The executive director~~chief information officer~~ shall carry out functions
 5 necessary for the efficient, effective, and economical administration of information
 6 technology and resources within the executive branch. Roles and duties of the
 7 executive director~~chief information officer~~ shall include but not be limited to:

- 8 (a) Assessing, recommending, and implementing information technology
 9 governance and organization design to include effective information
 10 technology personnel management practices;
- 11 (b) Integrating information technology and resources plans with agency business
 12 plans;
- 13 (c) Overseeing shared Commonwealth information technology resources and
 14 services;
- 15 (d) Performing as the focal point and representative for the Commonwealth in
 16 information technology and related areas with both the public and private
 17 sector;
- 18 (e) Establishing appropriate partnerships and alliances to support the effective
 19 implementation of information technology projects in the Commonwealth;
- 20 (f) Identifying information technology applications that should be statewide in
 21 scope, and ensuring that these applications are not developed independently or
 22 duplicated by individual state agencies of the executive branch;
- 23 (g) Establishing performance measurement and benchmarking policies and
 24 procedures;
- 25 (h) Preparing annual reports and plans concerning the status and result of the
 26 state's specific information technology plans and submitting these annual
 27 reports and plans to the Governor and the General Assembly; and

- (i) Managing the Commonwealth Office of Technology~~[Governor's Office for Technology]~~ and its budget.

SECTION 24. A NEW SECTION OF KRS 11.501 to 11.517 IS CREATED TO READ AS FOLLOWS:

The Office of the 911 Coordinator shall have the following duties and responsibilities:

(1) Assist state and local government agencies in their efforts to improve and enhance 911 systems in Kentucky, including:

(a) Providing consultation to local elected officials, 911 coordinators, and board members; and

(b) Providing consultation to communities with basic 911 systems that are updating their facilities, equipment, or operations;

(2) Develop and provide educational forums and seminars for the public safety community;

(3) Develop standards and protocols for the improvement and increased efficiency of 911 services in Kentucky; and

(4) Administer the provisions of KRS 65.7621 to 65.7643 relating to commercial mobile radio service emergency telecommunications.

Section 25. KRS 7B.080 is amended to read as follows:

(1) The operation of the center shall be funded from the restricted agency fund established in subsection (3) of this section.

(2) There is hereby established a fiduciary fund to be entitled the Kentucky Long-Term Policy Research Center fund. The fund may receive appropriations, gifts, grants, and federal funds. Moneys in the fund shall not lapse back to the General Fund at the end of any fiscal year. Moneys in the fund shall be invested by the Office of Financial Management *within the Office of the Controller*, consistent with the provisions of KRS Chapter 42.

(3) A restricted agency fund account is established to receive the interest on the

1 fiduciary fund and any other resources made available to the center. Interest from
 2 the fiduciary fund shall be credited to the restricted agency fund account on a
 3 monthly basis for the center's operations. Moneys in the account shall be invested
 4 by the Office of Financial Management within the Office of the Controller,
 5 consistent with the provisions of KRS Chapter 42.

- 6 (4) Any appropriation by the General Assembly to the fiduciary fund shall remain intact
 7 and shall not be available to the board, and should the center and its functions
 8 terminate, the principal and any remaining interest from other accumulated funds
 9 shall revert to the general fund of the Commonwealth or to the donor.

10 Section 26. KRS 11.026 is amended to read as follows:

- 11 (1) As used in this section, "state curator" means the director of the Division of Historic
 12 Properties within the Department for Facilities and Support Services~~of Facilities~~
 13 ~~Management~~ in the Finance and Administration Cabinet with responsibilities for
 14 the preservation, restoration, acquisition, and conservation of all decorations,
 15 objects of art, chandeliers, china, silver, statues, paintings, furnishings,
 16 accouterments, and other aesthetic materials that have been acquired, donated,
 17 loaned, and otherwise obtained by the Commonwealth of Kentucky for the
 18 Executive Mansion, the Old Governor's Mansion, the New State Capitol, and other
 19 historic properties under the control of the Finance and Administration Cabinet.

- 20 (2) The Historic Properties Advisory Commission is established to provide continuing
 21 attention to the maintenance, furnishings, and repairs of the Executive Mansion,
 22 Old Governor's Mansion, and New State Capitol. The commission shall be attached
 23 to the Finance and Administration Cabinet for administrative purposes.

- 24 (3) The commission shall consist of fourteen (14) members. It is recommended that one
 25 (1) shall be the state curator, one (1) shall be the director of the Kentucky Historical
 26 Society, one (1) shall be a resident of Franklin County with experience in
 27 restoration, one (1) shall be the director of the Executive Mansion, one (1) shall be

1 the director of the Old Governor's Mansion, and the remainder of the membership
2 shall be selected from the state-at-large from persons with experience in historical
3 restoration.

4 (4) The officers of the commission shall consist of a chairman, who shall be appointed
5 by the Governor, and a secretary, who shall be responsible for the keeping of the
6 records and administering the directions of the commission. The state curator of the
7 Commonwealth of Kentucky shall serve as the secretary of the commission. A
8 member of the Governor's family may serve as an honorary member of the
9 commission. A simple majority of the membership shall constitute a quorum for the
10 transaction of business by the commission.

11 (5) The public members of the commission shall be appointed by the Governor and
12 shall serve terms of four (4) years except that of the members initially appointed,
13 two (2) members shall serve terms of one (1) year; two (2) members shall serve
14 terms of two (2) years; one (1) member shall serve a term of three (3) years; and one
15 (1) member shall serve a term of four (4) years. The director of the Historical
16 Society and director of the Executive Mansion shall serve on the commission in an
17 ex officio capacity. The persons holding the offices of director of the Historical
18 Society, director of the Executive Mansion and state curator shall serve terms
19 concurrent with holding their respective offices.

20 (6) Each commission member shall be reimbursed for his necessary travel and other
21 expenses actually incurred in the discharge of his duties on the commission.

22 (7) There is established in the State Treasury a historic properties endowment trust fund
23 which shall be administered by the director of the Division of Historic Properties
24 under the supervision of the Commissioner of the Department for Facilities and
25 Support Services~~[- Management]~~. The fund may receive state appropriations, gifts,
26 grants, and federal funds and shall be disbursed by the State Treasurer upon warrant
27 of the secretary of finance and administration. The fund shall be used for carrying

1 out the functions of the Division of Historic Properties. The Division of Historic
 2 Properties may publish written material pertaining to historic properties of the state
 3 and charge and collect a reasonable fee for any such publications. The proceeds
 4 shall be deposited to the credit of the fund and after paying the costs of publication,
 5 the balance of the proceeds shall be used for purposes specified in KRS 11.027.

6 Section 27. KRS 11.027 is amended to read as follows:

7 (1) The commission shall meet at least every six (6) months and when called into
 8 session by the chairman at the request of the Governor, of any two (2) or more
 9 members of the commission, or on his own motion.

10 (2) The commission shall examine the Executive Mansion, the Old Governor's
 11 Mansion, and the New State Capitol at least once each year, and the commission
 12 shall have authority over any construction, repairs, structural restoration, or
 13 renovation of these properties. The commission shall supervise the maintenance of a
 14 current inventory of all furnishings in the properties and the inventory shall be
 15 maintained by the Division of Historic Properties in the Department for Facilities
 16 and Support Services~~[Management]~~ in the Finance and Administration Cabinet.
 17 The Division of Historic Properties shall maintain inventory records relating to all
 18 such property of the state and no such property shall be disposed of except upon
 19 recommendation of the director of the Division of Historic Properties with advice of
 20 the Historic Properties Advisory Commission. The proceeds realized from the sale
 21 of any items shall be deposited in the historic properties endowment fund,
 22 established by KRS 11.026.

23 (3) The commission shall recommend, from time to time, on the needs for furnishings,
 24 maintenance, repair, or renovation of the Executive Mansion, the Old Governor's
 25 Mansion, and the New State Capitol; and the Department for Facilities and Support
 26 Services~~[Management]~~ in the Finance and Administration Cabinet shall, from funds
 27 available, take the action recommended. The commission shall have final authority

over articles placed in the properties and moneys spent on these buildings. The commission shall develop criteria for this display of objects on and for the use of the public areas of the basement and first and second floors of the New State Capitol and shall be consulted by the director of the Division of Historic Properties before objects are accepted for or removed from permanent display in the Capitol.

- (4) The commission shall provide coordination and make arrangements for an orderly transition between outgoing and incoming chief executives.

Section 28. KRS 11.068 is amended to read as follows:

- (1) There is created an agency of state government known as the Office of State Budget Director. The office shall be attached for administrative purposes to the Office of the Governor.

- (2) The office shall include the following major organizational units:

(a) The Office of State Budget Director, headed by the state budget director. The state budget director shall be appointed by the Governor pursuant to KRS 11.040 and shall serve, under direction of the Governor, as state budget director and secretary of the state planning committee. The office shall include such principal assistants and supporting personnel appointed pursuant to KRS Chapter 12 as may be necessary to carry out the functions of the office. The office shall have such duties, rights, and responsibilities as are necessary to perform, without being limited to, the following functions:

1. Functions relative to the preparation, administration, and evaluation of the executive budget as provided in KRS Chapters 45 and 48 and in other laws, including but not limited to, capital construction budgeting, evaluation of state programs, program monitoring, financial and policy analysis and issue review, and executive policy implementation and compliance;
2. Continuous evaluation of statewide management and administrative

1 procedures and practices, including but not limited to, organizational
2 analysis and review, economic forecasting, technical assistance to state
3 agencies, forms control, and special analytic studies as directed by the
4 Governor; and

5 3. Staff planning functions of the state planning committee and evaluation
6 of statewide management and administrative practices and procedures.

7 (b) Governor's Office for Policy and Management, headed by the state budget
8 director, who shall report to the Governor. The state budget director shall
9 maintain staff employed pursuant to KRS Chapter 18A sufficient to carry out
10 the functions of the office relating to state budgeting as provided in paragraph
11 (a) of this subsection and state planning as provided in KRS Chapter 147,
12 review of administrative regulations proposed by executive agencies prior to
13 filing pursuant to KRS Chapter 13A and such other duties as may be assigned
14 by the Governor.

15 (c) Governor's Office for Policy Research, headed by the state budget director.
16 The Governor's Office for Policy Research shall assist the state budget
17 director in providing policy research data, information, and analysis to the
18 Governor on public policy issues that impact the Commonwealth. The state
19 budget director shall identify and direct the research to be completed and
20 provided by the office. The state budget director shall maintain staff employed
21 in accordance with KRS Chapter 18A sufficient to carry out the functions of
22 the office.

23 (d) Governor's Office for Economic Analysis, headed by the state budget director,
24 who shall report to the Governor. The state budget director shall maintain staff
25 employed in accordance with KRS Chapter 18A sufficient to carry out the
26 functions of the office. The Governor's Office for Economic Analysis shall
27 carry out the revenue estimating and economic analysis functions and

responsibilities, including but not limited to the functions and responsibilities assigned to the Office of State Budget Director by KRS 48.115, 48.117, 48.120, 48.400, and 48.600. The Governor's Office for Economic Analysis shall perform the tax administrative function of using tax data to provide the Department of Revenue ~~{Cabinet}~~ with studies, projections, statistical analyses, and any other information that will assist the Department of Revenue ~~{Cabinet}~~ in performing its tax administrative functions.

Section 29. KRS 11.200 is amended to read as follows:

- (1) There is created the Commission on Small Business Advocacy. The commission shall be a separate administrative body of state government within the meaning of KRS 12.010(8).
- (2) It shall be the purpose of the Commission on Small Business Advocacy to:
 - (a) Address matters of small business as it relates to government affairs;
 - (b) Promote a cooperative and constructive relationship between state agencies and the small business community to ensure coordination and implementation of statewide strategies that benefit small business in the Commonwealth;
 - (c) Coordinate and educate the small business community of federal, state, and local government initiatives of value and importance to the small business community;
 - (d) Create a process by which the small business community is consulted in the development of public policy as it affects their industry sector;
 - (e) Aid the small business community in navigating the regulatory process, when that process becomes cumbersome, time consuming, and bewildering to the small business community; and
 - (f) Advocate for the small business, as necessary when regulatory implementation is overly burdensome, costly, and harmful to the success and growth of small businesses in the Commonwealth.

- 1 (3) The Commission on Small Business Advocacy shall consist of thirty-one (31)
 2 members:
- 3 (a) The Governor, or the Governor's designee;
- 4 (b) The secretaries of the following cabinets, or their designees:
- 5 1. Economic Development;
- 6 2. Natural Resources and Environmental Protection;
- 7 3. *Finance and Administration*~~[Revenue]~~; and
- 8 4. Transportation;
- 9 (c) The state director of the Small Business Development Centers in Kentucky;
- 10 (d) One (1) representative of each of the following organizations, appointed by
 11 the Governor from a list of three (3) nominees submitted by the governing
 12 bodies of each organization:
- 13 1. Associated Industries of Kentucky;
- 14 2. National Federation of Independent Business;
- 15 3. Kentucky Chamber of Commerce;
- 16 4. Kentucky Federation of Business and Professional Women's Club, Inc.;
- 17 5. Kentucky Retail Federation;
- 18 6. Professional Women's Forum;
- 19 7. Kentuckiana Minority Supplier Development Council;
- 20 8. Greater Lexington Chamber of Commerce;
- 21 9. Lexington chapter of the National Association of Women Business
 22 Owners;
- 23 10. Greater Louisville, Inc.;
- 24 11. Louisville chapter of the National Association of Women Business
 25 Owners;
- 26 12. Northern Kentucky Chamber of Commerce, Inc.;
- 27 13. Northern Kentucky - Greater Cincinnati chapter of the National

- 1 Association of Women Business Owners;
- 2 14. Kentucky Association of Realtors;
- 3 15. Henderson - Henderson County Chamber of Commerce;
- 4 16. Kentucky Coal Council;
- 5 17. Kentucky Farm Bureau Federation; and
- 6 18. Kentucky Homebuilders Association;
- 7 (e) One (1) representative from small business from each of the following areas,
- 8 appointed by the Governor:
 - 9 1. A city of the second class;
 - 10 2. A city of the third class;
 - 11 3. A city of the fourth class; and
 - 12 4. A city of the fifth class;
- 13 (f) One (1) representative who is a small business owner served by each of the
- 14 following organizations, appointed by the Governor:
 - 15 1. The Center for Rural Development; and
 - 16 2. Community Ventures Corporation; and
- 17 (g) One (1) representative who is a small business owner under the age of thirty-
- 18 five (35), appointed by the Governor.
- 19 (4) The terms of all members appointed by the Governor shall be for four (4) years,
- 20 except that the original appointments shall be staggered so that seven (7)
- 21 appointments shall expire at two (2) years, seven (7) appointments shall expire at
- 22 three (3) years, and seven (7) appointments shall expire at four (4) years from the
- 23 dates of initial appointment.
- 24 (5) The Governor shall appoint the chair and vice chair of the commission from the list
- 25 of appointed members.
- 26 (6) The commission shall meet quarterly and at other times upon call of the chair or a
- 27 majority of the commission.

- 1 (7) A quorum shall be a majority of the membership of the commission.
- 2 (8) Members of the commission shall serve without compensation but shall be
3 reimbursed for their necessary travel expenses actually incurred in the discharge of
4 their duties on the commission, subject to Finance and Administration Cabinet
5 administrative regulations.
- 6 (9) There shall be an executive director, who shall be the administrative head and chief
7 executive officer of the commission, recommended by the commission and
8 appointed by the Governor. The executive director shall have authority to hire staff,
9 contract for services, expend funds, and operate the normal business activities of the
10 commission.
- 11 (10) The Commission on Small Business Advocacy shall be an independent agency
12 attached to the Office of the Governor.

13 Section 30. KRS 11.507 is amended to read as follows:

- 14 (1) The roles and duties of the Commonwealth Office of~~Governor's Office for~~
15 Technology shall include but not be limited to:
- 16 (a) Providing technical support and services to all executive agencies of state
17 government in the application of information technology;
- 18 (b) Assuring compatibility and connectivity of Kentucky's information systems;
- 19 (c) Developing strategies and policies to support and promote the effective
20 applications of information technology within state government as a means of
21 saving money, increasing employee productivity, and improving state services
22 to the public, including electronic public access to information of the
23 Commonwealth;
- 24 (d) Developing, implementing, and managing strategic information technology
25 directions, standards, and enterprise architecture, including implementing
26 necessary management processes to assure full compliance with those
27 directions, standards, and architecture. This specifically includes, but is not

- 1 limited to, directions, standards, and architecture related to the privacy and
- 2 confidentiality of data collected and stored by state agencies;
- 3 (e) Promoting effective and efficient design and operation of all major
- 4 information resources management processes for executive branch agencies,
- 5 including improvements to work processes;
- 6 (f) Developing, implementing, and maintaining the technology infrastructure of
- 7 the Commonwealth;
- 8 (g) Facilitating and fostering applied research in emerging technologies that offer
- 9 the Commonwealth innovative business solutions;
- 10 (h) Reviewing and overseeing large or complex information technology projects
- 11 and systems for compliance with statewide strategies, policies, and standards,
- 12 including alignment with the Commonwealth's business goals, investment,
- 13 and other risk management policies. The executive director~~chief information~~
- 14 ~~officer~~ is authorized to grant or withhold approval to initiate these projects;
- 15 (i) Integrating information technology resources to provide effective and
- 16 supportable information technology applications in the Commonwealth;
- 17 (j) Establishing a central statewide geographic information clearinghouse to
- 18 maintain map inventories, information on current and planned geographic
- 19 information systems applications, information on grants available for the
- 20 acquisition or enhancement of geographic information resources, and a
- 21 directory of geographic information resources available within the state or
- 22 from the federal government;
- 23 (k) Coordinating multiagency information technology projects, including
- 24 overseeing the development and maintenance of statewide base maps and
- 25 geographic information systems;
- 26 (l) Providing access to both consulting and technical assistance, and education
- 27 and training, on the application and use of information technologies to state

1 and local agencies;

2 (m) In cooperation with other agencies, evaluating, participating in pilot studies,
3 and making recommendations on information technology hardware and
4 software;

5 (n) Providing staff support and technical assistance to the Geographic Information
6 Advisory Council, the Kentucky Information Technology Advisory Council,
7 and the Commercial Mobile Radio Service Emergency Telecommunications
8 Board of Kentucky; and

9 (o) Preparing proposed legislation and funding proposals for the General
10 Assembly that will further solidify coordination and expedite implementation
11 of information technology systems.

12 (2) The Commonwealth Office of~~Governor's Office for~~ Technology may:

13 (a) Provide general consulting services, technical training, and support for generic
14 software applications, upon request from a local government, if the executive
15 director~~chief information officer~~ finds that the requested services can be
16 rendered within the established terms of the federally approved cost allocation
17 plan;

18 (b) Promulgate administrative regulations in accordance with KRS Chapter 13A
19 necessary for the implementation of KRS 11.501 to 11.517, 45.253, 171.420,
20 186A.040, 186A.285, and 194B.102;

21 (c) Solicit, receive, and consider proposals from any state agency, federal agency,
22 local government, university, nonprofit organization, private person, or
23 corporation;

24 (d) Solicit and accept money by grant, gift, donation, bequest, legislative
25 appropriation, or other conveyance to be held, used, and applied in accordance
26 with KRS 11.501 to 11.517, 45.253, 171.420, 186A.040, 186A.285, and
27 194B.102;

- 1 (e) Make and enter into memoranda of agreement and contracts necessary or
 2 incidental to the performance of duties and execution of its powers, including,
 3 but not limited to, agreements or contracts with the United States, other state
 4 agencies, and any governmental subdivision of the Commonwealth;
- 5 (f) Accept grants from the United States government and its agencies and
 6 instrumentalities, and from any source, other than any person, firm, or
 7 corporation, or any director, officer, or agent thereof that manufactures or sells
 8 information resources technology equipment, goods, or services. To these
 9 ends, the Commonwealth Office of~~Governor's Office for~~ Technology shall
 10 have the power to comply with those conditions and execute those agreements
 11 that are necessary, convenient, or desirable; and
- 12 (g) Purchase interest in contractual services, rentals of all types, supplies,
 13 materials, equipment, and other services to be used in the research and
 14 development of beneficial applications of information resources technologies.
 15 Competitive bids may not be required for:
- 16 1. New and emerging technologies as approved by the executive
 17 director~~chief information officer~~ or her or his designee; or
 - 18 2. Related professional, technical, or scientific services, but contracts shall
 19 be submitted in accordance with KRS 45A.690 to 45A.725.
- 20 (3) Nothing in this section shall be construed to alter or diminish the provisions of KRS
 21 171.410 to 171.740 or the authority conveyed by these statutes to the Archives and
 22 Records Commission and the Department for Libraries and Archives.
- 23 Section 31. KRS 11.509 is amended to read as follows:
- 24 (1) To accomplish the work of the Commonwealth Office of~~Governor's Office for~~
 25 Technology, all organizational units and administrative bodies, as defined in KRS
 26 12.010, and all members of the state postsecondary education system, as defined in
 27 KRS 164.001, shall furnish the Commonwealth Office of~~Governor's Office for~~

1 Technology necessary assistance, resources, information, records, and advice as
2 required.

- 3 (2) The provisions of KRS 11.501 to 11.517, 45.253, 171.420, 186A.040, 186A.285,
4 and 194B.102 shall not be construed to grant any authority over the judicial or
5 legislative branches of state government, or agencies thereof, to the Commonwealth
6 Office of~~Governor's Office for~~ Technology.

- 7 (3) The information, technology, personnel, agency resources, and confidential records
8 of the Kentucky Retirement Systems and the Kentucky Teachers' Retirement
9 System shall be excluded from the provisions of KRS 11.501 to 11.517, 45.253,
10 171.420, 186A.040, 186A.285, and 194B.102 and shall not be under the authority
11 of the Commonwealth Office of~~Governor's Office for~~ Technology.

12 Section 32. KRS 11.513 is amended to read as follows:

- 13 (1) There is hereby created the Kentucky Information Technology Advisory Council to:
- 14 (a) Advise the executive director of the Commonwealth Office of
15 Technology~~chief information officer for the Commonwealth~~ on approaches
16 to coordinating information technology solutions among libraries, public
17 schools, local governments, universities, and other public entities; and
- 18 (b) Provide a forum for the discussion of emerging technologies that enhance
19 electronic accessibility to various publicly funded sources of information and
20 services.
- 21 (2) The Kentucky Information Technology Advisory Council shall consist of:
- 22 (a) The state budget director or a designee;
- 23 (b) The state librarian or a designee;
- 24 (c) One (1) representative from the public universities to be appointed by the
25 Governor from a list of three (3) persons submitted by the Council on
26 Postsecondary Education;
- 27 (d) Three (3) citizen members from the private sector with information

- 1 technology knowledge and experience appointed by the Governor;
- 2 (e) Two (2) representatives of local government appointed by the Governor;
- 3 (f) One (1) representative from the area development districts appointed by the
- 4 Governor from a list of names submitted by the executive directors of the area
- 5 development districts;
- 6 (g) One (1) member of the media appointed by the Governor;
- 7 (h) The executive director of the Kentucky Authority for Educational Television;
- 8 (i) The chair of the Public Service Commission or a designee;
- 9 (j) Two (2) members of the Kentucky General Assembly, one (1) from each
- 10 chamber, selected by the Legislative Research Commission;
- 11 (k) One (1) representative of the Administrative Office of the Courts;
- 12 (l) One (1) representative from the public schools system appointed by the
- 13 Governor;
- 14 (m) One (1) representative of the Kentucky Chamber of Commerce; and
- 15 (n) The executive director of the Commonwealth Office of Technology~~chief~~
- 16 ~~information officer for the Commonwealth~~.
- 17 (3) Appointed members of the council shall serve for a term of two (2) years. Members
- 18 who serve by virtue of an office shall serve on the council while they hold the
- 19 office.
- 20 (4) Vacancies on the council shall be filled in the same manner as the original
- 21 appointments. If a nominating organization changes its name, its successor
- 22 organization having the same responsibilities and purposes shall be the nominating
- 23 organization.
- 24 (5) Members shall receive no compensation but shall receive reimbursement for actual
- 25 and necessary expenses in accordance with travel and subsistence requirements
- 26 established by the Finance and Administration Cabinet.
- 27 Section 33. KRS 11.515 is amended to read as follows:

- 1 (1) There is hereby established a Geographic Information Advisory Council to advise
 2 the executive director of the Commonwealth Office of Technology~~[chief~~
 3 ~~information officer]~~ on issues relating to geographic information and geographic
 4 information systems.
- 5 (2) The council shall establish and adopt policies and procedures that assist state and
 6 local jurisdictions in developing, deploying, and leveraging geographic information
 7 resources and geographic information systems technology for the purpose of
 8 improving public administration.
- 9 (3) The council shall closely coordinate with users of geographic information systems
 10 to establish policies and procedures that insure the maximum use of geographic
 11 information by minimizing the redundancy of geographic information and
 12 geographic information resources.
- 13 (4) The Geographic Information Advisory Council shall consist of twenty-six (26)
 14 members and one (1) legislative liaison. The members shall be knowledgeable in
 15 the use and application of geographic information systems technology and shall
 16 have sufficient authority within their organizations to influence the implementation
 17 of council recommendations.
- 18 (a) The council shall consist of:
- 19 1. The secretary of the Transportation Cabinet or his designee;
 - 20 2. The secretaries of the Cabinet for Health Services and of the Cabinet for
 21 Families and Children or their designees;
 - 22 3. The director of the Kentucky Geological Survey or his designee;
 - 23 4. The secretary of the Finance and Administration~~[Revenue]~~ Cabinet or
 24 his designee;
 - 25 5. The executive director of the Commonwealth Office of
 26 Technology~~[chief information officer]~~ or her or his designee;
 - 27 6. The secretary of the Economic Development Cabinet or his designee;

- 1 7. The commissioner of the Department for Local Government or his
2 designee;
- 3 8. The secretary of the Justice Cabinet or his designee;
- 4 9. One (1) member appointed by the Governor from a list of three (3)
5 persons submitted by the president of the Council on Postsecondary
6 Education;
- 7 10. The adjutant general of the Department of Military Affairs or his
8 designee;
- 9 11. The commissioner of the Department of Education or his designee;
- 10 12. The secretary of the Natural Resources and Environmental Protection
11 Cabinet or his designee;
- 12 13. The Commissioner of the Department of Agriculture or his designee;
- 13 14. The secretary of the Public Protection and Regulation Cabinet or his
14 designee;
- 15 15. The secretary of the Tourism Development Cabinet or his designee;
- 16 16. Two (2) members appointed by the Governor from a list of six (6)
17 persons submitted by the president of the Kentucky League of Cities;
- 18 17. Two (2) members appointed by the Governor from a list of six (6)
19 persons submitted by the president of the Kentucky Association of
20 Counties;
- 21 18. One (1) member appointed by the Governor from a list of three (3)
22 persons submitted by the president of the Kentucky Chapter of the
23 American Planning Association;
- 24 19. One (1) member appointed by the Governor from a list of three (3)
25 persons submitted by the president of the Kentucky Chamber of
26 Commerce;
- 27 20. One (1) member appointed by the Governor from a list of three (3)

1 persons submitted by the president of the Kentucky Association of Land
2 Surveyors;

3 21. One (1) member appointed by the Governor from a list of three (3)
4 persons submitted by the president of the Kentucky Society of
5 Professional Engineers;

6 22. One (1) member appointed by the Governor from a list of three (3)
7 persons submitted by the chairman of the Kentucky Board of Registered
8 Geologists; and

9 23. One (1) member appointed by the Governor from a list of three (3)
10 persons submitted by the president of the Council of Area Development
11 Districts.

12 (b) The council shall have one (1) nonvoting legislative liaison, to be appointed
13 by the Legislative Research Commission.

14 (5) The chair shall be appointed by the Governor~~[council shall select from its~~
15 ~~membership a chairman and any other officers it considers essential]~~. The council
16 may have committees and subcommittees as determined by the council or an
17 executive committee, if an executive committee exists.

18 (6) A member of the council shall not:

19 (a) Be an officer, employee, or paid consultant of a business entity that has, or of
20 a trade association for business entities that have, a substantial interest in the
21 geographic information industry and is doing business in the Commonwealth;

22 (b) Own, control, or have, directly or indirectly, more than ten percent (10%)
23 interest in a business entity that has a substantial interest in the geographic
24 information industry;

25 (c) Be in any manner connected with any contract or bid for furnishing any
26 governmental body of the Commonwealth with geographic information
27 systems, the computers on which they are automated, or a service related to

1 geographic information systems;

2 (d) Be a person required to register as a lobbyist because of activities for
3 compensation on behalf of a business entity that has, or on behalf of a trade
4 association of business entities that have, substantial interest in the geographic
5 information industry;

6 (e) Accept or receive money or another thing of value from an individual, firm, or
7 corporation to whom a contract may be awarded, directly or indirectly, by
8 rebate, gift, or otherwise; or

9 (f) Be liable to civil action or any action performed in good faith in the
10 performance of duties as a council member.

11 (7) Those council members specified in subsection (4)(a) of this section who serve by
12 virtue of an office shall serve on the council while they hold that office.

13 (8) Appointed members of the council shall serve for a term of four (4) years.
14 Vacancies in the membership of the council shall be filled in the same manner as
15 the original appointments. If a nominating organization changes its name, its
16 successor organization having the same responsibilities and purposes shall be the
17 nominating organization.

18 (9) The council shall have no funds of its own, and council members shall not receive
19 compensation of any kind from the council.

20 (10) A majority of the members shall constitute a quorum for the transaction of business.
21 Members' designees shall have voting privileges at council meetings.

22 Section 34. KRS 11.5161 is amended to read as follows:

23 The Kentucky Wireless Interoperability Executive Committee is hereby created to address
24 communications interoperability, a homeland security issue which is critical to the ability
25 of public safety first responders to communicate with each other by radio. The committee
26 shall advise and make recommendations to the executive director of the Commonwealth
27 Office of Technology ~~[chief information officer]~~ regarding strategic wireless initiatives to

1 achieve public safety voice and data communications interoperability.

2 Section 35. KRS 11.5163 is amended to read as follows:

- 3 (1) The executive director~~[chief information officer]~~ shall establish and implement a
4 statewide public safety interoperability plan. This plan shall include the
5 development of required architecture and standards that will insure that new or
6 upgraded Commonwealth public safety communications systems will interoperate.
7 The Kentucky Wireless Interoperability Executive Committee shall be responsible
8 for the evaluation and recommendation of all wireless communications architecture,
9 standards, and strategies. The executive director~~[chief information officer]~~ shall
10 provide direction, stewardship, leadership, and general oversight of information
11 technology and information resources. The executive director~~[chief information~~
12 ~~officer]~~ shall report by September 15 annually to the Interim Joint Committee on
13 Seniors, Veterans, Military Affairs, and Public Protection and the Interim Joint
14 Committee on State Government on progress and activity by agencies of the
15 Commonwealth to comply with standards to achieve public safety communications
16 interoperability.
- 17 (2) The Kentucky Wireless Interoperability Executive Committee shall serve as the
18 advisory body for all wireless communications strategies presented by agencies of
19 the Commonwealth and local governments. All state agencies in the
20 Commonwealth shall present all project plans for primary wireless public safety
21 voice or data communications systems for review and recommendation by the
22 committee, and the committee shall forward the plans to the executive
23 director~~[chief information]~~ officer for final approval. Local government entities
24 shall present project plans for primary wireless public safety voice or data
25 communications systems for review and recommendation by the Kentucky Wireless
26 Interoperability Executive Committee.
- 27 (3) The committee shall develop funding and support plans that provide for the

1 maintenance of and technological upgrades to the public safety shared
 2 infrastructure, and shall make recommendations to the executive director~~[chief~~
 3 ~~information officer]~~, the Governor's Office for Policy and Management, and the
 4 General Assembly.

5 (4) The executive director~~[chief information officer]~~ shall examine the project plans for
 6 primary wireless public safety voice or data communications systems of state
 7 agencies as required by subsection (2) of this section, and shall determine whether
 8 they meet the required architecture and standards for primary wireless public safety
 9 voice or data communications systems.

10 (5) The Kentucky Wireless Interoperability Executive Committee shall consist of
 11 twenty-one (21) members as follows:

12 (a) A person knowledgeable in the field of wireless communications appointed by
 13 the executive director~~[chief information officer]~~ who shall serve as chair;

14 (b) The executive director of the Office ~~of~~~~[for]~~ Infrastructure Services,
 15 Commonwealth Office of~~[Governor's Office for]~~ Technology;

16 (c) The executive director of the Office of the 911 Coordinator~~[administrator of~~
 17 ~~the Commercial Mobile Radio Service Emergency Telecommunications~~
 18 ~~Board]~~;

19 (d) The executive director of Kentucky Educational Television, or the executive
 20 director's designee;

21 (e) The chief information officer of the Transportation Cabinet;

22 (f) The chief information officer of the Justice Cabinet;

23 (g) The chief information officer of the Kentucky State Police;

24 (h) The commissioner of the Department of Fish and Wildlife Resources,
 25 Tourism Development Cabinet, or the commissioner's designee;

26 (i) The chief information officer of the National Resources and Environmental
 27 Protection Cabinet;

- 1 (j) The director of the Division of Emergency Management, Department of
2 Military Affairs;
- 3 (k) The executive director of the Office for Security Coordination, Department of
4 Military Affairs;
- 5 (l) The chief information officer, Department for Public Health, Cabinet for
6 Health Services;
- 7 (m) A representative from an institution of postsecondary education appointed by
8 the Governor from a list of three (3) names submitted by the president of the
9 Council on Postsecondary Education;
- 10 (n) The executive director of the Center for Rural Development, or the executive
11 director's designee;
- 12 (o) A representative from a municipal government to be appointed by the
13 Governor from a list of three (3) names submitted by the Kentucky League of
14 Cities;
- 15 (p) A representative from a county government to be appointed by the Governor
16 from a list of three (3) names submitted by the Kentucky Association of
17 Counties;
- 18 (q) A representative from a municipal police department to be appointed by the
19 Governor from a list of three (3) names submitted by the Kentucky
20 Association of Chiefs of Police;
- 21 (r) A representative from a local fire department to be appointed by the Governor
22 from a list of three (3) names submitted by the Kentucky Association of Fire
23 Chiefs;
- 24 (s) A representative from a county sheriff's department to be appointed by the
25 Governor from a list of three (3) names submitted by the Kentucky Sheriffs'
26 Association;
- 27 (t) A representative from a local Emergency Medical Services agency to be

1 appointed by the Governor from a list of three (3) names submitted by the
 2 Kentucky Board of Emergency Medical Services; and

3 (u) A representative from a local 911 dispatch center to be appointed by the
 4 Governor from a list of three (3) names submitted by the Kentucky Chapter of
 5 the National Emergency Number Association/Association of Public Safety
 6 Communications Officials.

7 (6) Appointed members of the committee shall serve for a two (2) year term. Members
 8 who serve by virtue of an office shall serve on the committee while they hold that
 9 office.

10 (7) The committee shall meet quarterly, or as often as necessary for the conduct of its
 11 business. A majority of the members shall constitute a quorum for the transaction of
 12 business. Members' designees shall have voting privileges at committee meetings.

13 (8) The committee shall be attached to the Commonwealth Office of ~~Governor's Office~~
 14 ~~for~~ Technology for administrative purposes only. Members shall not be paid, and
 15 shall not be reimbursed for travel expenses.

16 (9) The Public Safety Working Group is hereby created for the primary purpose of
 17 fostering cooperation, planning, and development of the public safety frequency
 18 spectrum as regulated by the Federal Communications Commission, including the
 19 700 MHz public safety band. The group shall endeavor to bring about a seamless,
 20 coordinated, and integrated public safety communications network for the safe,
 21 effective, and efficient protection of life and property. The Public Safety Working
 22 Group membership and other working group memberships deemed necessary shall
 23 be appointed by the chair of the Kentucky Wireless Interoperability Executive
 24 Committee.

25 (10) The committee may establish additional working groups as determined by the
 26 committee.

27 Section 36. KRS 11.517 is amended to read as follows:

- 1 (1) The Geographic Information Advisory Council's duties shall include the following:
- 2 (a) Overseeing the development and adoption of policies and procedures related
- 3 to geographic information and geographic information systems;
- 4 (b) Overseeing the development of a strategy for the implementation and funding
- 5 of a statewide base map and geographic information system;
- 6 (c) Overseeing the development and recommending standards on geographic
- 7 information and geographic information systems for inclusion in the statewide
- 8 architecture;
- 9 (d) Overseeing the development and delivery of a statewide geographic
- 10 information plan and annually reporting to the Governor, the General
- 11 Assembly, the Judicial Branch, and the executive director of the
- 12 Commonwealth Office of Technology~~[chief information officer]~~;
- 13 (e) Overseeing the development of the geographic information systems training
- 14 and education plan;
- 15 (f) Overseeing the assessment of state agency plans for geographic information
- 16 systems standards compliance;
- 17 (g) Overseeing the development of operating policies and procedures for the
- 18 management of the council and any standing or ad hoc committees and
- 19 associated advisory groups;
- 20 (h) Promoting collaboration and the sharing of data and data development, as well
- 21 as other aspects of geographic information systems; and
- 22 (i) Overseeing the implementation of a pilot project to study the advantages and
- 23 resources of geographic information system technology.
- 24 (2) The Division~~[Office]~~ of Geographic Information shall provide necessary staff
- 25 support services to the council. All cabinets, departments, divisions, agencies, and
- 26 officers of the Commonwealth shall furnish the council necessary assistance,
- 27 resources, information, records, or advice as it may require to fulfill its duties.

1 Section 37. KRS 11.550 is amended to read as follows:

2 (1) The Telehealth Board is created and placed for administrative purposes under the

3 Commonwealth Office of~~Governor's Office for~~ Technology. This nine (9)

4 member board shall consist of the:

5 (a) Chancellor, or a designee, of the medical school at the University of
6 Kentucky;

7 (b) Chancellor, or a designee, of the medical school at the University of
8 Louisville;

9 (c) Commissioner, or a designee, of the Department for Public Health;

10 (d) Executive director~~Chief information officer~~, or a designee, of the
11 Commonwealth Office of~~Governor's Office for~~ Technology; and

12 (e) Five (5) members at large, appointed by the Governor, who are health
13 professionals or third parties as those terms are defined in KRS 205.510. To
14 ensure representation of both groups, no more than three (3) health
15 professionals or two (2) third parties shall be members of the board at the
16 same time. These members shall serve a term of four (4) years, may serve no
17 more than two (2) consecutive terms, and shall be reimbursed for their costs
18 associated with attending board meetings.

19 (2) The members shall elect a chair and hold bimonthly meetings or as often as
20 necessary for the conduct of the board's business.

21 (3) The board shall promulgate administrative regulations in accordance with KRS
22 Chapter 13A to:

23 (a) Establish telehealth training centers at the University of Kentucky, University
24 of Louisville, the pediatric-affiliated hospitals at the University of Kentucky
25 and the University of Louisville, and one (1) each in western Kentucky and
26 eastern Kentucky, with the sites to be determined by the board;

27 (b) Develop a telehealth network, to coordinate with the training centers, of no

more than twenty-five (25) rural sites, to be established based on the availability of funding and in accordance with criteria set by the board. In addition to these rural sites, the board may identify, for participation in the telehealth network, ten (10) local health departments, five (5) of which shall be administered by the University of Kentucky and five (5) of which shall be administered by the University of Louisville, and any other site that is operating as a telemedicine or telehealth site and that demonstrates its capability to follow the board's protocols and standards;

(c) Establish protocols and standards to be followed by the training centers and rural sites; and

(d) Maintain the central link for the network with the Kentucky information highway.

(4) The board shall, following consultation with the Commonwealth Office of~~Governor's Office for~~ Technology, recommend the processes and procedures for the switching and running of the telehealth network.

(5) The University of Kentucky and the University of Louisville shall report semiannually to the Interim Joint Committee on Health and Welfare on the following areas as specified by the board through an administrative regulation promulgated in accordance with KRS Chapter 13A.

(a) Data on utilization, performance, and quality of care;

(b) Quality assurance measures, including monitoring systems;

(c) The economic impact on and benefits to participating local communities; and

(d) Other matters related to telehealth at the discretion of the board.

(6) The board shall receive and dispense funds appropriated for its use by the General Assembly or obtained through any other gift or grant.

Section 38. KRS 15.060 is amended to read as follows:

Upon written request of the Department of Revenue~~Cabinet~~, the Attorney General

1 shall:

- 2 (1) With the assistance of the Auditor of Public Accounts and the Department of
3 Revenue~~[Cabinet]~~, investigate the condition of any unsatisfied claim, demand,
4 account, and judgment in favor of the Commonwealth.
- 5 (2) When he believes that any fraudulent, erroneous or illegal fee bill, account, credit,
6 charge or claim has been erroneously or improperly approved, allowed or paid out
7 of the Treasury to any person, institute the necessary actions to recover the same. To
8 this end he may employ assistants and experts to assist in examining the fee bills,
9 accounts, settlements, credits and claims, and the books, records and papers of any
10 of the officers of the Commonwealth.
- 11 (3) Institute the necessary actions to collect and cause the payment into the Treasury of
12 all unsatisfied claims, demands, accounts and judgments in favor of the
13 Commonwealth, except where specific statutory authority is given the Department
14 of Revenue~~[Cabinet]~~ to do so.
- 15 (4) Comply with KRS 48.005, if any funds of any kind or nature whatsoever are
16 recovered by or on behalf of the Commonwealth, in any legal action, including an
17 ex rel. action in which the Attorney General has entered an appearance or is a party
18 under statutory or common law authority.

19 Section 39. KRS 15.105 is amended to read as follows:

- 20 (1) The Attorney General, with the approval of the head of the cabinet involved, shall
21 appoint assistant attorneys general for the Transportation Cabinet and~~[,]~~ the Finance
22 and Administration Cabinet~~[, and the Revenue Cabinet]~~.
- 23 (2) The assistant attorneys general and additional attorneys provided for in subsection
24 (1) of this section shall each be a person admitted to the practice of law by the
25 Supreme Court of this Commonwealth and shall qualify by taking the oath of office.
26 They shall be paid out of the appropriation or other funds of the respective agency
27 to which they are assigned.

1 Section 40. KRS 15A.040 is amended to read as follows:

- 2 (1) The Criminal Justice Council shall advise and recommend to the Governor and the
3 General Assembly policies and direction for long-range planning regarding all
4 elements of the criminal justice system. The council shall review and make written
5 recommendations on subjects including but not limited to administration of the
6 criminal justice system, the rights of crime victims, sentencing issues, capital
7 litigation, a comprehensive strategy to address gangs and gang problems, and the
8 Penal Code. Recommendations for these and all other issues shall be submitted to
9 the Governor and the Legislative Research Commission at least six (6) months prior
10 to every regular session of the Kentucky General Assembly. The council shall:
- 11 (a) Make recommendations to the justice secretary with respect to the award of
12 state and federal grants and ensure that the grants are consistent with the
13 priorities adopted by the Governor, the General Assembly, and the council;
 - 14 (b) Conduct comprehensive planning to promote the maximum benefits of grants;
 - 15 (c) Develop model criminal justice programs;
 - 16 (d) Disseminate information on criminal justice issues and crime trends;
 - 17 (e) Work with community leaders to assess the influence of gangs and the
18 problems that gangs cause for local communities, assist local communities in
19 mobilizing community resources to address their problems, sponsor
20 multidisciplinary training to help communities focus on proven strategies to
21 address gang problems, and conduct an ongoing assessment of gang problems
22 in local communities;
 - 23 (f) Recommend any modifications of law necessary to insure that the laws
24 adequately address problems identified in local communities relating to gangs;
 - 25 (g) Provide technical assistance to all criminal justice agencies;
 - 26 (h) Review and evaluate proposed legislation affecting criminal justice; and
27 (i) All reports and proposed legislation shall be presented to the Interim Joint

1 Committee on Judiciary not later than July 1 of the year prior to the beginning
2 of each regular session of the General Assembly.

3 (2) Membership of the Criminal Justice Council shall consist of the following:

- 4 (a) The secretary of the Justice Cabinet or his designee;
- 5 (b) The director of the Administrative Office of the Courts or his designee;
- 6 (c) The Attorney General or his designee;
- 7 (d) Two (2) members of the House of Representatives as designated by the
8 Speaker of the House;
- 9 (e) Two (2) members of the Senate as designated by the President of the Senate;
- 10 (f) A crime victim, as defined in KRS Chapter 346, to be selected and appointed
11 by the Governor;
- 12 (g) A victim advocate, as defined in KRS 421.570, to be selected and appointed
13 by the Governor;
- 14 (h) A Kentucky college or university professor specializing in criminology,
15 corrections, or a similar discipline to be selected and appointed by the
16 Governor;
- 17 (i) The public advocate or his designee;
- 18 (j) The president of the Kentucky Sheriffs' Association;
- 19 (k) The commissioner of state police or his designee;
- 20 (l) A person selected by the Kentucky State Lodge of the Fraternal Order of
21 Police;
- 22 (m) The president of the Kentucky Association of Chiefs of Police;
- 23 (n) A member of the Prosecutors Advisory Council as chosen by the council;
- 24 (o) The Chief Justice or a justice or judge designated by him;
- 25 (p) One (1) member of the Kentucky Association of Criminal Defense Lawyers,
26 appointed by the president of the organization;
- 27 (q) One (1) member of the Kentucky Jailers' Association appointed by the

- 1 president of the organization;
- 2 (r) One (1) member of the Circuit Clerks' Association;
- 3 (s) Three (3) criminal law professors, one each from the University of Kentucky
- 4 College of Law, the Louis D. Brandeis School of Law at the University of
- 5 Louisville, and the Salmon P. Chase College of Law at Northern Kentucky
- 6 University, to be selected and appointed by the Governor;
- 7 (t) One (1) District Judge, designated by the Chief Justice;
- 8 (u) One (1) Circuit Judge, designated by the Chief Justice;
- 9 (v) One (1) Court of Appeals Judge, designated by the Chief Justice;
- 10 (w) One (1) representative from an organization dedicated to restorative principles
- 11 of justice involving victims, the community, and offenders;
- 12 (x) One (1) individual with a demonstrated commitment to youth advocacy, to be
- 13 selected and appointed by the Governor;
- 14 (y) The commissioner of the Department of Juvenile Justice or his designee;
- 15 (z) The commissioner of the Department of Corrections, or his designee;
- 16 (aa) The commissioner of the Department of Criminal Justice Training or his
- 17 designee; and
- 18 (ab) The executive director of the Commonwealth Office of
- 19 Technology~~[Governor's chief information officer]~~.
- 20 (3) The secretary of justice shall serve ex officio as chairman of the council. Each
- 21 member of the council shall have one (1) vote. Members of the council shall serve
- 22 without compensation but shall be reimbursed for their expenses actually and
- 23 necessarily incurred in the performance of their duties.
- 24 (4) The council shall meet at least once every three (3) months.
- 25 (5) The council may hold additional meetings:
- 26 (a) On the call of the chairman;
- 27 (b) At the request of the Governor to the chairman; or

1 (c) At the written request of the members to the chairman, signed by a majority of
2 the members.

3 (6) Two-thirds (2/3) members of the council shall constitute a quorum for the conduct
4 of business at a meeting.

5 (7) Failure of any member to attend two (2) meetings within a six (6) month period
6 shall be deemed a resignation from the council and a new member shall be named
7 by the appointing authority.

8 (8) The council is authorized to establish committees and appoint additional persons
9 who may not be members of the council as necessary to effectuate its purposes,
10 including but not limited to:

11 (a) Uniform Criminal Justice Information System committee;

12 (b) Committee on sentencing; and

13 (c) Penal Code committee.

14 (9) The council's administrative functions shall be performed by a full-time executive
15 director, who shall also serve as the executive director of the office of the Criminal
16 Justice Council, appointed by the secretary of the Justice Cabinet and supported by
17 the administrative, clerical, and other staff as allowed by budgetary limitations and
18 as needed to fulfill the council's role and mission and to coordinate its activities.

19 Section 41. KRS 16.220 is amended to read as follows:

20 (1) Subject to the duty to return confiscated firearms to innocent owners pursuant to
21 KRS 500.090, all firearms confiscated by the Kentucky State Police and not
22 retained for official use pursuant to KRS 500.090 shall be sold at public auction to
23 federally licensed firearms dealers holding a license appropriate for the type of
24 firearm sold. The Kentucky State Police shall transfer firearms that are to be sold to
25 the Department of Finance, Division of Surplus Properties~~Property~~, for sale.
26 Proceeds of the sale shall be transferred to the account of the Department for Local
27 Government for use as provided in subsection (3) of this section. Prior to the sale of

1 any firearm, the Kentucky State Police shall make an attempt to determine if the
2 firearm to be sold has been stolen or otherwise unlawfully obtained from an
3 innocent owner and return the firearm to its lawful innocent owner, unless that
4 person is ineligible to purchase a firearm under federal law.

5 (2) The Kentucky State Police shall receive firearms and ammunition confiscated by or
6 abandoned to every law enforcement agency in Kentucky. The Kentucky State
7 Police shall dispose of the firearms received in the manner specified in subsection
8 (1) of this section. However, firearms which are not retained for official use,
9 returned to an innocent lawful owner, or transferred to another government agency
10 or public museum shall be sold as provided in subsections (1) and (3) of this
11 section.

12 (3) The proceeds of firearms sales shall be utilized by the Department for Local
13 Government to provide grants to city, county, charter county, and urban-county
14 police departments, university safety and security departments organized pursuant
15 to KRS 164.950 and sheriff's departments for the purchase of body armor for sworn
16 peace officers of those departments and service animals, as defined in KRS
17 525.010, of those departments or for the purchase of firearms or ammunition. Body
18 armor purchased by the department receiving grant funds shall meet or exceed the
19 standards issued by the National Institute of Justice for body armor. No police or
20 sheriff's department shall apply for a grant to replace existing body armor unless
21 that body armor has been in actual use for a period of five (5) years or longer.

22 (4) The Kentucky State Police may transfer a machine gun, short-barreled shotgun,
23 short-barreled rifle, silencer, pistol with a shoulder stock, any other weapon, or
24 destructive device as defined by the National Firearms Act which is subject to
25 registration under the National Firearms Act, and is not properly registered in the
26 national firearms transfer records for those types of weapons, to the Bureau of
27 Alcohol, Tobacco, and Firearms of the United States Department of the Treasury,

1 after a reasonable attempt has been made to transfer the firearm to an eligible state
 2 or local law enforcement agency or to an eligible museum and no eligible recipient
 3 will take the firearm or weapon. National Firearms Act firearms and weapons which
 4 are properly registered and not returned to an innocent lawful owner or retained for
 5 official use as provided in this section shall be sold to properly licensed dealers
 6 under subsection (3) of this section.

7 Section 42. KRS 17.131 is amended to read as follows:

- 8 (1) There is hereby established the Kentucky Unified Criminal Justice Information
 9 System, referred to in this chapter as the "system." The system shall be a joint effort
 10 of the criminal justice agencies and the courts. Notwithstanding any statutes,
 11 administrative regulations, and policies to the contrary, if standards and
 12 technologies other than those set by the Commonwealth Office of~~Governor's~~
 13 ~~Office for~~ Technology are required, the executive director of the Commonwealth
 14 Office of Technology~~[Commonwealth's chief information officer]~~ shall review,
 15 expedite, and grant appropriate exemptions to effectuate the purposes of the unified
 16 criminal justice information system. Nothing in this section shall be construed to
 17 hamper any public officer or official, agency, or organization of state or local
 18 government from furnishing information or data that they are required or requested
 19 to furnish and which they are allowed to procure by law, to the General Assembly,
 20 the Legislative Research Commission, or a committee of either. For the purposes of
 21 this section, "criminal justice agencies" include all departments of the Justice
 22 Cabinet, the Unified Prosecutorial System, Commonwealth's attorneys, county
 23 attorneys, the Transportation Cabinet, the Cabinet for Health Services, and any
 24 agency with the authority to issue a citation or make an arrest.
- 25 (2) The program to design, implement, and maintain the system shall be under the
 26 supervision of the Uniform Criminal Justice Information System Committee of the
 27 Criminal Justice Council. The membership of this committee shall be determined

1 by the council, upon the recommendation of the executive director of the
2 Commonwealth Office of Technology~~[Governor's chief information officer]~~, who
3 shall chair the committee.

4 (3) The committee shall be responsible for recommending standards, policies, and other
5 matters to the secretary of justice for promulgation of administrative regulations in
6 accordance with KRS Chapter 13A to implement the policies, standards, and other
7 matters relating to the system and its operation.

8 (4) The committee shall submit recommendations to the Criminal Justice Council and
9 the secretary of justice for administrative regulations to implement the uniform
10 policy required to operate the system. The committee shall implement the uniform
11 policy.

12 (5) The uniform policy shall include a system to enable the criminal justice agencies
13 and the courts to share data stored in each other's information systems. Initially, the
14 uniform policy shall maximize the use of existing databases and platforms through
15 the use of a virtual database created by network linking of existing databases and
16 platforms among the various departments. The uniform policy shall also develop
17 plans for the new open system platforms before the existing platforms become
18 obsolete.

19 (6) The committee shall be responsible for recommending to the Criminal Justice
20 Council and the secretary of justice any necessary changes in administrative
21 regulations necessary to implement the system. The committee shall also
22 recommend to the Criminal Justice Council, the Chief Justice, and the secretary of
23 justice recommendations for statutory additions or changes necessary to implement
24 and maintain the system. The secretary shall be responsible for reporting approved
25 statutory recommendations to the Governor, the Chief Justice, the Legislative
26 Research Commission, and appropriate committees of the General Assembly.

27 (7) The chair of the committee shall report annually to the Criminal Justice Council on

1 the status of the system.

2 (8) All criminal justice agencies shall follow the policies established by administrative
3 regulation for the exchange of data and connection to the system.

4 (9) The committee shall review how changes to existing criminal justice agency
5 applications impact the new integrated network. Changes to criminal justice agency
6 applications that have an impact on the integrated network shall be coordinated
7 through and approved by the committee.

8 (10) Any future state-funded expenditures by a criminal justice agency for computer
9 platforms in support of criminal justice applications shall be reviewed by the
10 committee.

11 (11) Any criminal justice agency or officer that does not participate in the criminal
12 justice information system may be denied access to state and federal grant funds.

13 Section 43. KRS 18A.115 is amended to read as follows:

14 (1) The classified service to which KRS 18A.005 to 18A.200 shall apply shall comprise
15 all positions in the state service now existing or hereafter established, except the
16 following:

17 (a) The General Assembly and employees of the General Assembly, including the
18 employees of the Legislative Research Commission;

19 (b) Officers elected by popular vote and persons appointed to fill vacancies in
20 elective offices;

21 (c) Members of boards and commissions;

22 (d) Officers and employees on the staff of the Governor, the Lieutenant Governor,
23 the Office of the secretary of the Governor's Cabinet, and the Office of
24 Program Administration;

25 (e) Cabinet secretaries, commissioners, office heads, and the administrative heads
26 of all boards and commissions, including the executive director of Kentucky
27 Educational Television and the executive director and deputy executive

- 1 director of the Education Professional Standards Board;
- 2 (f) Employees of Kentucky Educational Television who have been determined to
3 be exempt from classified service by the Kentucky Authority for Educational
4 Television, which shall have sole authority over such exempt employees for
5 employment, dismissal, and setting of compensation, up to the maximum
6 established for the executive director and his principal assistants;
- 7 (g) One (1) principal assistant or deputy for each person exempted under
8 subsection (1)(e) of this section;
- 9 (h) One (1) additional principal assistant or deputy as may be necessary for
10 making and carrying out policy for each person exempted under subsection
11 (1)(e) of this section in those instances in which the nature of the functions,
12 size, or complexity of the unit involved are such that the commissioner
13 approves such an addition on petition of the relevant cabinet secretary or
14 department head and such other principal assistants, deputies, or other major
15 assistants as may be necessary for making and carrying out policy for each
16 person exempted under subsection (1)(e) of this section in those instances in
17 which the nature of the functions, size, or complexity of the unit involved are
18 such that the board may approve such an addition or additions on petition of
19 the department head approved by the commissioner;
- 20 (i) Division directors subject to the provisions of KRS 18A.170. Division
21 directors in the classified service as of January 1, 1980, shall remain in the
22 classified service;
- 23 (j) Physicians employed as such;
- 24 (k) One (1) private secretary for each person exempted under subsection (1)(e),
25 (g), and (h) of this section;
- 26 (l) The judicial department, referees, receivers, jurors, and notaries public;
- 27 (m) Officers and members of the staffs of state universities and colleges and

- 1 student employees of such institutions; officers and employees of the
- 2 Teachers' Retirement System; and officers, teachers, and employees of local
- 3 boards of education;
- 4 (n) Patients or inmates employed in state institutions;
- 5 (o) Persons employed in a professional or scientific capacity to make or conduct a
- 6 temporary or special inquiry, investigation, or examination on behalf of the
- 7 General Assembly, or a committee thereof, or by authority of the Governor,
- 8 and persons employed by state agencies for a specified, limited period to
- 9 provide professional, technical, scientific, or artistic services under the
- 10 provisions of KRS 45A.690 to 45A.725;
- 11 (p) Interim employees;
- 12 (q) Officers and members of the state militia;
- 13 (r) State Police troopers and sworn officers in the Department of State Police,
- 14 Justice Cabinet;
- 15 (s) University or college engineering students or other students employed part-
- 16 time or part-year by the state through special personnel recruitment programs;
- 17 provided that while so employed such aides shall be under contract to work
- 18 full-time for the state after graduation for a period of time approved by the
- 19 commissioner or shall be participants in a cooperative education program
- 20 approved by the commissioner;
- 21 (t) Superintendents of state mental institutions, including heads of mental
- 22 retardation centers, and penal and correctional institutions as referred to in
- 23 KRS 196.180(2);
- 24 (u) Staff members of the Kentucky Historical Society, if they are hired in
- 25 accordance with KRS 171.311;
- 26 (v) County and Commonwealth's attorneys and their respective appointees;
- 27 (w) Chief district engineers and the state highway engineer;

- 1 (x) Veterinarians employed as such by the Kentucky Horse Racing Authority;
- 2 (y) Employees of the Kentucky Peace Corps;
- 3 (z) Employees of the Council on Postsecondary Education;
- 4 (aa) Executive director of the Commonwealth Office of Technology~~Chief~~
5 ~~information officer of the Commonwealth~~;
- 6 (ab) Employees of the Kentucky Commission on Community Volunteerism and
7 Service; and
- 8 (ac) Federally funded time-limited employees as defined in KRS 18A.005.
- 9 (2) Nothing in KRS 18A.005 to 18A.200 is intended, or shall be construed, to alter or
10 amend the provisions of KRS 150.022 and 150.061.
- 11 (3) Nothing in KRS 18A.005 to 18A.200 is intended or shall be construed to affect any
12 nonmanagement, nonpolicy-making position which must be included in the
13 classified service as a prerequisite to the grant of federal funds to a state agency.
- 14 (4) Career employees within the classified service promoted to positions exempted
15 from classified service shall, upon termination of their employment in the exempted
16 service, revert to a position in that class in the agency from which they were
17 terminated if a vacancy in that class exists. If no such vacancy exists, they shall be
18 considered for employment in any vacant position for which they were qualified
19 pursuant to KRS 18A.130 and 18A.135.
- 20 (5) Nothing in KRS 18A.005 to 18A.200 shall be construed as precluding appointing
21 officers from filling unclassified positions in the manner in which positions in the
22 classified service are filled except as otherwise provided in KRS 18A.005 to
23 18A.200.
- 24 (6) The positions of employees who are transferred, effective July 1, 1998, from the
25 Cabinet for Workforce Development to the Kentucky Community and Technical
26 College System shall be abolished and the employees' names removed from the
27 roster of state employees. Employees that are transferred, effective July 1, 1998, to

1 the Kentucky Community and Technical College System under KRS Chapter 164
2 shall have the same benefits and rights as they had under KRS Chapter 18A and
3 have under KRS 164.5805; however, they shall have no guaranteed reemployment
4 rights in the KRS Chapter 151B or KRS Chapter 18A personnel systems. An
5 employee who seeks reemployment in a state position under KRS Chapter 151B or
6 KRS Chapter 18A shall have years of service in the Kentucky Community and
7 Technical College System counted towards years of experience for calculating
8 benefits and compensation.

9 (7) On August 15, 2000, all certified and equivalent personnel, all unclassified
10 personnel, and all certified and equivalent and unclassified vacant positions in the
11 Department for Adult Education and Literacy shall be transferred from the
12 personnel system under KRS Chapter 151B to the personnel system under KRS
13 Chapter 18A. The positions shall be deleted from the KRS Chapter 151B personnel
14 system. All records shall be transferred including accumulated annual leave, sick
15 leave, compensatory time, and service credit for each affected employee. The
16 personnel officers who administer the personnel systems under KRS Chapter 151B
17 and KRS Chapter 18A shall exercise the necessary administrative procedures to
18 effect the change in personnel authority. No certified or equivalent employee in the
19 Department for Adult Education and Literacy shall suffer any penalty in the
20 transfer.

21 (8) On August 15, 2000, secretaries and assistants attached to policymaking positions
22 in the Department for Technical Education and the Department for Adult Education
23 and Literacy shall be transferred from the personnel system under KRS Chapter
24 151B to the personnel system under KRS Chapter 18A. The positions shall be
25 deleted from the KRS Chapter 151B system. All records shall be transferred
26 including accumulated annual leave, sick leave, compensatory time, and service
27 credit for each affected employee. No employee shall suffer any penalty in the

1 transfer.

2 Section 44. KRS 29A.040 is amended to read as follows:

- 3 (1) A list of all persons over the age of eighteen (18) and holding valid driver's licenses
4 which were issued in the county, of the names and addresses of all persons filing
5 Kentucky resident individual income tax returns which show an address in the
6 county, and of all persons registered to vote in the county shall constitute a master
7 list of prospective jurors for a county.
- 8 (2) The Administrative Office of the Courts shall at least annually acquire an electronic
9 copy of the driver's license list from the Transportation Cabinet, an electronic copy
10 of the tax roll described in subsection (1) of this section from the Department of
11 Revenue~~[-Cabinet]~~, and an electronic copy of the voter registration lists from the
12 State Board of Elections. In addition, the Administrative Office of the Courts shall
13 at least annually acquire a listing of deceased persons from the Department of Vital
14 Statistics. The Transportation Cabinet, the Department of Revenue~~[-Cabinet]~~, the
15 State Board of Elections, and the Department of Vital Statistics and those public
16 officers or employees having custody, possession, or control of any of the lists
17 required under this section shall annually furnish a copy of the list to the
18 Administrative Office of the Courts without charge.
- 19 (3) The Administrative Office of the Courts shall merge the lists required by
20 subsections (1) and (2) of this section in a manner designed to create an accurate
21 listing of all persons eligible for jury service. The Administrative Office of the
22 Courts may purge names from the master list upon reasonable evidence of death,
23 change of state residence, change of county residence, or any other reason causing a
24 person to be ineligible for jury service as found in KRS 29A.080.
- 25 (4) Any person who comes into possession of the Kentucky income tax names and
26 addresses as provided in this section shall be bound by the confidentiality
27 provisions of KRS 131.190.

1 Section 45. KRS 40.540 is amended to read as follows:

2 (1) If a claim is approved by the administrator or finally approved upon resort to the
3 board of review, the administrator shall promptly certify to the secretary of the
4 Finance and Administration Cabinet the names and addresses of persons found
5 entitled to be paid, as shown in the application, and the amount payable to each.

6 (a) A copy of each such certificate shall be sent to the commissioner of the
7 Department of Revenue~~[secretary of the Revenue Cabinet]~~, who shall
8 promptly ascertain from the records of his agency whether any person
9 proposed to be paid a bonus is delinquent in the payment of any tax liability to
10 the Commonwealth. No delinquency shall be deemed to exist as to any
11 asserted tax liability which is the subject of a bona fide dispute. If any
12 delinquency be found to exist, the commissioner~~[secretary]~~ of revenue shall,
13 within three (3) working days after this receipt of the certificate, furnish the
14 details thereof to the secretary of finance and administration; and if no advice
15 of tax delinquency is received by the secretary of finance and administration
16 before the end of the fourth working day after his receipt of certification from
17 the administrator, he shall, for the purposes of KRS 40.410 to 40.560,
18 conclusively presume that no delinquency of tax liability to the
19 Commonwealth exists, but such presumption shall apply only to the existence
20 or absence of a set-off by the Commonwealth against a certified claim for a
21 bonus, and shall not alter the facts as between the Commonwealth and any
22 taxpayer.

23 (b) If no advice of tax delinquency is received within such allowed time, the
24 secretary of finance and administration may approve payment in accordance
25 with the certificate of the administrator, and may immediately draw a warrant
26 on the State Treasury for a check in payment, except that no warrant shall be
27 drawn by the secretary until sufficient funds have become available to pay the

1 bonus authorized by KRS 40.410 to 40.560.

2 (c) Upon receipt of such warrant the State Treasurer shall issue a check in
3 accordance therewith payable from funds made available for payment of the
4 bonus authorized by KRS 40.410 to 40.560, and the same shall promptly be
5 mailed to the payee thereof at the address shown in the certificate.

6 (2) If the secretary of finance and administration shall, within the allowed time, receive
7 advice from the commissioner~~[secretary]~~ of revenue of the existence of a
8 delinquency on the part of any person having an approved claim for a bonus, as to
9 any tax liability to the Commonwealth, the secretary of finance and administration
10 shall note the same on the certificate of the administrator, withhold payment, and
11 forthwith send to the claimant by registered mail a notice of the asserted
12 delinquency, and the amount thereof, and that it is proposed that the same be set off
13 against the bonus payment.

14 (a) If the secretary of finance and administration receives no protest in his office
15 within ten (10) working days after recording such notice, he shall conclusively
16 presume that the proposed set-off is just, shall apply the amount thereof in
17 reduction or extinguishment of the payment certified by the administrator, and
18 shall advise the commissioner~~[secretary]~~ of revenue of the amount set off
19 against the bonus, which advice shall be noted by the
20 commissioner~~[secretary]~~ of revenue on the records of his office as a credit
21 upon the delinquent tax liability.

22 (b) If the tax set-off does not consume the entire amount of the bonus as certified
23 by the administrator, the secretary shall draw a warrant upon the State
24 Treasury for a check in the amount of the remainder, and upon receiving such
25 check from the State Treasurer, shall send the same, together with advice of
26 the set-off, by mail, to the payee at the address shown in the certificate of the
27 director.

1 (3) If the secretary of finance and administration receives from the claimant a protest of
 2 the asserted tax delinquency, within the allowed time, the secretary shall withhold
 3 approval for payment, and shall refer the protest to the commissioner~~[secretary]~~ of
 4 revenue for disposition.

5 (4) If a tax set-off is made, and the claimant shall assert error with regard thereto, the
 6 exclusive remedy shall be by seeking refund from the commissioner~~[secretary]~~ of
 7 revenue.

8 Section 46. KRS 41.070 is amended to read as follows:

- 9 (1) Unless otherwise expressly provided by law, no receipts from any source of state
 10 money or money for which the state is responsible shall be held, used, or deposited
 11 in any personal or special bank account, temporarily or otherwise, by any agent or
 12 employee of any budget unit, to meet expenditures or for any other purpose. All
 13 receipts of any character of any budget unit, all revenue collected for the state, and
 14 all public money and dues to the state shall be deposited in state depositories in the
 15 most prompt and cost-efficient manner available. However in the case of state
 16 departments or agencies located outside Frankfort, and all state institutions, the
 17 Finance and Administration Cabinet may permit temporary deposits to be made to
 18 the accounts maintained by the agency, department, or institution in a bank which
 19 has been designated as a depository for state funds for a period not to exceed thirty
 20 (30) days, and may require that the money be forwarded to the State Treasury at the
 21 time and in the manner and form prescribed by the cabinet. Nothing in this section
 22 shall be construed as authorizing any representative of any agency, department, or
 23 institution to enforce or cash, even for the purpose of a deposit, any check or other
 24 instrument of value payable to the Commonwealth or any agency thereof.
- 25 (2) Each agency depositing its receipts directly with the State Treasurer shall do so in
 26 the manner approved by the State Treasurer as agent in charge of public fund
 27 deposits.

1 (3) The Department of Revenue~~[Cabinet]~~ may deposit receipts to the credit of the
 2 State Treasury directly with a depository designated by the Treasurer and utilized by
 3 the Commonwealth for its primary banking services. The State Treasurer, with the
 4 approval of the Finance and Administration Cabinet, may authorize other agencies
 5 to deposit receipts directly with a depository designated by the Treasury to the credit
 6 of the State Treasury if the Treasurer prescribes the manner in which the deposit is
 7 to be made, and the forms and reports to be filed with the Treasury Department. The
 8 Finance and Administration Cabinet shall prescribe the forms and reports to be filed
 9 with it when this type of deposit is made.

10 (4) Each department, agency, or other budget unit which receives funds to be deposited
 11 into the State Treasury shall maintain records to report adequately each amount
 12 received, from whom received, and date received. Agency records shall be easily
 13 reconcilable with the information forwarded to the State Treasurer.

14 Section 47. KRS 41.360 is amended to read as follows:

15 (1) Where any officer or employee of the state government or of any agency of the state
 16 government has authorized the State Treasurer to deduct from his compensation as
 17 such officer or employee a sum or sums for the purchase of United States Series E
 18 savings bonds, and thereafter, for any cause, has departed from such office or
 19 employment leaving unclaimed in the hands of the State Treasurer a sum arising
 20 from such deduction not equal to the amount for which such a bond may be
 21 purchased, the State Treasurer shall, within ninety (90) days after the date of the last
 22 deduction, mail to such officer or employee, at his last-known address as shown on
 23 the records of the Personnel Cabinet, a notice stating the sum held by the State
 24 Treasurer for such officer or employee, and requesting that he make claim for the
 25 same within six (6) months thereafter. A duplicate of such notice, addressed to the
 26 officer or employee, shall at the same time be delivered to the state agency of which
 27 the person was an officer or employee. If, at the expiration of six (6) months from

the date of mailing the letter, the officer or employee has not made claim for the sum due him, the sum shall, as of July 1 following the expiration of such six-months' period, be presumed abandoned.

- (2) On or before September 1 of each year the State Treasurer shall report to the Department of Revenue~~[Cabinet]~~, in duplicate, a list of the sums presumed to be abandoned as of the preceding July 1, giving the name of the officer or employee and his last-known address. The Department of Revenue~~[Cabinet]~~ shall cause the report to be posted and published as provided in KRS 393.110. If, by November 15 following such posting and publication, the sums involved have not been claimed, the State Treasurer shall place the sums to the credit of the general fund in the State Treasury and shall report that fact to the Department of Revenue~~[Cabinet]~~. Thereafter such sums shall have the same status as other property turned over to the Department of Revenue~~[Cabinet]~~ as provided in KRS 393.110, and the rights of any person to make claim for the same shall rest upon the same principles as the rights of other claimants of property presumed to be abandoned under the provisions of KRS Chapter 393.

Section 48. KRS 42.005 is amended to read as follows:

As used in KRS 42.010, unless the context requires otherwise:

- (1) "Department" means ~~a~~that basic unit of administrative organization of the Finance and Administration Cabinet~~[state government, by whatever name called,]~~ designated by statute or by statutorily authorized executive action as a "department."
A department may contain offices, divisions, or both, that report to it;
- (2) "Office" means a basic unit of administrative organization of the Finance and Administration Cabinet. An office may or may not report directly to the secretary of the Finance and Administration Cabinet. An office may contain offices, divisions, or both, that report to it;
- (3) "Division" means a major branch of a department, or office established by statute or

1 by statutorily authorized administrative action;

2 ~~(4)~~~~(3)~~ "Administrative body" includes authority, board, bureau, interstate compact,
3 commission, committee, conference, council,~~[office]~~ and any other form or
4 organization in the executive branch of government, but does not include "office,"
5 "department," "program cabinet" or "division";

6 ~~(5)~~~~(4)~~ "Program cabinet" means a group of departments, or departments and
7 commissions, or departments and offices, or other administrative bodies,
8 designated by statute or statutorily authorized executive action as a "program
9 cabinet."

10 Section 49. KRS 42.010 is amended to read as follows:

11 As used in Sections 9, 10, and 17 of this Act~~[KRS 42.023 to 42.025]~~, unless the context
12 requires otherwise, "state agency" means any state administrative body, department or
13 division as defined by KRS 42.005.

14 Section 50. KRS 42.016 is amended to read as follows:

15 The following corporate bodies and instrumentalities of the Commonwealth shall be
16 attached to the Office of the Secretary for administrative purposes and staff services:

17 (1) State Property and Buildings Commission;

18 ~~(2) [Kentucky Pollution Abatement Authority;~~

19 ~~(3)—]Kentucky Savings Bond Authority;~~

20 ~~(3)~~~~(4)~~ County Officials Compensation Board;

21 ~~(4)~~~~(5)~~ Kentucky Turnpike Authority;

22 ~~(5)~~~~(6)~~ State Investment Commission;

23 ~~(6)~~~~(7)~~ Kentucky Housing Corporation;

24 ~~[(8)—Governmental Services Center;]~~

25 ~~(7)~~~~(9)~~ Kentucky Tobacco Settlement Trust Corporation;

26 ~~(8)~~~~(10)~~ Kentucky River Authority; and

27 ~~(9)~~~~(11)~~ Eastern Kentucky Exposition Center Corporation.

1 Section 51. KRS 42.018 is amended to read as follows:

2 ~~[(1) The Office of Management and Budget established within the Office of the~~
 3 ~~Secretary by KRS 42.013 shall be responsible for the fiscal, personnel, and payroll~~
 4 ~~functions of the cabinet.~~

5 ~~(2)~~ The Office of Capital Plaza Operations~~[established by KRS 42.014]~~ shall:

6 ~~(1)~~~~[(a)]~~ Be responsible for the operation of the Capital Plaza Civic Center and related
 7 facilities in Frankfort, Kentucky; and

8 ~~(2)~~~~[(b)]~~ Provide administrative support to the Capital Development Committee created
 9 by KRS 45.001.

10 Section 52. KRS 42.409 is amended to read as follows:

11 As used in KRS 42.410 and 45.760, unless the context requires otherwise:

12 (1) "State total personal income" means the measure of all income received by or on
 13 behalf of persons in the Commonwealth, as most recently published in the Survey
 14 of Current Business by the United States Department of Commerce, Bureau of
 15 Economic Analysis.

16 (2) "Estimated state total personal income" means the personal income figure used by
 17 the Governor's Office for Economic Analysis to generate final detailed revenue
 18 estimates.

19 (3) "Total revenues" means revenues credited to the general fund and the road fund
 20 consistent with the provisions of KRS 48.120, as well as any restricted agency fund
 21 account from which debt service is expended.

22 (4) "Anticipated total revenues" means final estimates of revenues, as provided for in
 23 KRS 48.120(2), projected for the general fund and the road fund, as well as any
 24 restricted agency fund account from which debt service is expended.

25 (5) "Available revenues" means revenues credited to the general fund and the road fund
 26 consistent with the provisions of KRS 48.120, as well as any restricted agency fund
 27 account from which debt service is expended, minus any statutorily dedicated

- 1 receipts of the respective funds.
- 2 (6) "Anticipated available revenues" means final estimates of revenues, as provided for
 3 in KRS 48.120(2), projected for the general fund and the road fund, as well as any
 4 restricted agency fund account from which debt service is expended, minus any
 5 statutorily dedicated receipts of the respective funds.
- 6 (7) "Total assessed value of property" means state total net assessed value of property
 7 for taxes due, as obtained from the Department of Revenue~~[Cabinet]~~.
- 8 (8) "Per capita" means per unit of population, where population figures are the most
 9 recent available from the University of Louisville, Kentucky State Data Center.
- 10 (9) "Appropriation-supported debt service" means the amount of an appropriation
 11 identified to be expended for debt service purposes in the executive budget
 12 recommendation, and the amount of an appropriation expended for debt services in
 13 a completed fiscal year.
- 14 (10) "Appropriation-supported debt" means the outstanding principal of bonds issued by
 15 all state agencies and all individuals, agencies, authorities, boards, cabinets,
 16 commissions, corporations, or other entities of, or representing the Commonwealth
 17 with the authority to issue bonds, and for which debt service is appropriated by the
 18 General Assembly.
- 19 (11) "Nonappropriation-supported debt" means the outstanding principal of bonds issued
 20 by all state agencies and all individuals, agencies, authorities, boards, cabinets,
 21 commissions, corporations, or other entities of, or representing the Commonwealth
 22 with the authority to issue bonds, and for which debt service is not appropriated by
 23 the General Assembly.
- 24 (12) "Statutorily dedicated receipts" means revenues credited to the general fund and
 25 road fund consistent with the provisions of KRS 48.120, as well as any restricted
 26 agency fund account, which are required by an enacted statute to be used for a
 27 specific purpose. Statutorily dedicated receipts include, but are not limited to, the

1 following:

- 2 (a) Receipts credited to the general fund which are subject to KRS 42.450 to
- 3 42.495, KRS 278.130 to 278.150, or KRS 350.139;
- 4 (b) Receipts credited to the road fund which are subject to KRS 175.505, KRS
- 5 177.320, KRS 177.365 to 177.369, KRS 177.9771 to 177.979, KRS 186.531,
- 6 or KRS 186.535; and
- 7 (c) Receipts credited to a restricted agency fund account in accordance with any
- 8 applicable statute.

9 (13) "True interest cost" means the bond yield according to issue price without a
 10 reduction for related administrative costs, and is the same figure as the arbitrage
 11 yield calculation described in the United States Tax Reform Act of 1986.

12 Section 53. KRS 42.455 is amended to read as follows:

13 (1) There is established within the Department for Local Government a Local
 14 Government Economic Assistance Program to consist of a system of grants to local
 15 governments to improve the environment for new industry and to improve the
 16 quality of life for the residents.

17 (2) Grants obtained under this program shall be used for priority expenditures. Thirty
 18 percent (30%) of all moneys in the fund shall be spent on the coal haul road system
 19 as described in subsection (7) of this section. The remaining seventy percent (70%)
 20 of the fund shall be spent on priority categories limited to the following, but in no
 21 event shall grants obtained under this program be used for expenses related to
 22 administration of government:

- 23 (a) Public safety, including law enforcement, fire protection, ambulance service,
- 24 and other related services;
- 25 (b) Environmental protection, including sewage disposal, sanitation, solid waste,
- 26 and other related programs;
- 27 (c) Public transportation, including mass transit systems, streets, and roads;

- 1 (d) Health;
 - 2 (e) Recreation;
 - 3 (f) Libraries and educational facilities;
 - 4 (g) Social services for the poor, the elderly, and individuals with disabilities;
 - 5 (h) Industrial and economic development;
 - 6 (i) Vocational education;
 - 7 (j) Workforce training; and
 - 8 (k) Secondary wood industry development.
- 9 (3) The use of entitlement funds for repayment of debt as related to long-term bond
10 issues is permissible as long as the revenue from the bond issues is expended on
11 priority categories.
- 12 (4) Grants obtained under this program may be used as local portion to secure federal
13 programs as long as program expenditures are in the priority category area. Interest
14 earned on funds received by local units of government shall be considered available
15 for use by the local unit of government in the priority expenditure categories.
- 16 (5) The Department for Local Government shall be responsible for the promulgation of
17 rules and regulations necessary to implement the grants programs authorized by this
18 section.
- 19 (6) The Department for Local Government shall assure that a public hearing is held on
20 the expenditure of funds received under KRS 42.450 to 42.495. Advertisement of
21 the public hearing shall be published at least once but may be published two (2) or
22 more times, provided that one (1) publication occurs not less than seven (7) days
23 nor more than twenty-one (21) days before the scheduled date of the public hearing.
24 The department shall submit an annual report to the Governor indicating how the
25 grants were used and an evaluation of the program's effectiveness in improving the
26 economy of the units of government receiving assistance.
- 27 (7) On or before August 15, 1980, and each year thereafter, the Transportation Cabinet

shall publish and furnish to the Department for Local Government a directory, including supporting maps and other documents, designating the official state coal road system in coal impact and coal producing counties which shall include all public highways, roads, and streets over which quantities of coal, sufficient to significantly affect the condition and state of repair of highways, roads, and streets, have been transported in the immediately preceding fiscal year. The cabinet shall further publish the total county mileage of the official state coal road system and the total ton/miles within each coal impact and coal producing county for said preceding fiscal year.

(8) Every person shipping or transporting coal, and every carrier for hire or common carrier hauling coal over the public highways, roads, and streets shall file with the Transportation Cabinet such information and at intervals as the department shall designate by regulation duly adopted for the purpose of identifying those highways, roads, and streets comprising the coal haul road system and the quantities of coal transported thereon, in order that the cabinet can accurately calculate total ton/miles within each coal impact and coal producing county.

(9) The Department of Revenue~~[Cabinet]~~ shall make available to the Transportation Cabinet coal severance and processing tax data for use in verifying and supplementing the information furnished under the provisions of subsection (8) of this section. The information shall be furnished in such a manner as to conceal the identity of individual taxpayers; if the data cannot be furnished without revealing the identity of individual taxpayers, it shall be withheld.

Section 54. KRS 42.500 is amended to read as follows:

(1) There shall be a State Investment Commission composed of the Governor who shall be chairman; the State Treasurer who shall be vice chairman and serve as chairman in the absence of the Governor; the secretary of the Finance and Administration Cabinet; and two (2) persons appointed by the Governor.

- 1 (2) The individuals appointed by the Governor shall be selected as follows: one (1) to
2 be selected from a list of five (5) submitted to the Governor by the Kentucky
3 Bankers Association, and one (1) to be selected from a list of five (5) submitted to
4 the Governor by the Independent Community Bankers Association.
- 5 (3) The State Investment Commission shall meet at least quarterly to review investment
6 performance and conduct other business. This provision shall not prohibit the
7 commission from meeting more frequently as the need arises.
- 8 (4) The Governor, State Treasurer, and secretary of the Finance and Administration
9 Cabinet shall each have the authority to designate, by an instrument in writing over
10 his or her signature and filed with the secretary of the commission as a public record
11 of the commission, an alternate with full authority to:
 - 12 (a) Attend in the member's absence, for any reason, any properly convened
13 meeting of the commission; and
 - 14 (b) Participate in the consideration of, and vote upon, business and transactions of
15 the commission.
- 16 Each alternate shall be a person on the staff of the appointing member or in the
17 employ of the appointing member's state agency or department.
- 18 (5) Any designation of an alternate may, at the appointing member's direction:
 - 19 (a) Be limited upon the face of the appointing instrument to be effective for only
20 a specific meeting or specified business;
 - 21 (b) Be shown on the face of the appointing instrument to be a continuing
22 designation, for a period of no more than four (4) years, whenever the
23 appointing member is unable to attend; or
 - 24 (c) Be revoked at any time by the appointing member in an instrument in writing,
25 over his or her signature, filed with the secretary of the commission as a
26 public record of the commission.
- 27 (6) Any person transacting business with, or materially affected by, the business of the

1 commission may accept and rely upon a joint certificate of the secretary of the
 2 commission and any member of the commission concerning the designation of any
 3 alternate, the time and scope of the designation, and, if it is of a continuing nature,
 4 whether and when the designation has been revoked. The joint certificate shall be
 5 made and delivered to the person requesting it within a reasonable time after it has
 6 been requested in writing, with acceptable identification of the business or
 7 transaction to which it refers and the requesting person's interest in the business or
 8 transaction.

9 (7) Any three (3) persons who are members of the commission or alternates authorized
 10 under subsections (4) and (5) of this section shall constitute a quorum and may, by
 11 majority vote, transact any business of the commission. Any three (3) members of
 12 the commission may call a meeting.

13 (8) The provisions of KRS 61.070 shall not apply to members of the commission.

14 (9) The commission shall have authority and may, if in its opinion the cash in the State
 15 Treasury is in excess of the amount required to meet current expenditures, invest
 16 any and all of the excess cash in:

17 (a) Obligations and contracts for future delivery of obligations backed by the full
 18 faith and credit of the United States or a United States government agency,
 19 including but not limited to:

- 20 1. United States Treasury;
- 21 2. Export-Import Bank of the United States;
- 22 3. Farmers Home Administration;
- 23 4. Government National Mortgage Corporation; and
- 24 5. Merchant Marine bonds;

25 (b) Obligations of any corporation of the United States government, including but
 26 not limited to:

- 27 1. Federal Home Loan Mortgage Corporation;

- 1 2. Federal Farm Credit Banks;
- 2 a. Bank for Cooperatives;
- 3 b. Federal Intermediate Credit Banks; and
- 4 c. Federal Land Banks;
- 5 3. Federal Home Loan Banks;
- 6 4. Federal National Mortgage Association; and
- 7 5. Tennessee Valley Authority obligations;
- 8 (c) Collateralized or uncollateralized certificates of deposit, issued by banks rated
- 9 in one (1) of the three (3) highest categories by a nationally recognized rating
- 10 agency or other interest-bearing accounts in depository institutions chartered
- 11 by this state or by the United States, except for shares in mutual savings
- 12 banks;
- 13 (d) Bankers acceptances for banks rated in one (1) of the three (3) highest
- 14 categories by a nationally recognized rating agency;
- 15 (e) Commercial paper rated in the highest category by a nationally recognized
- 16 rating agency;
- 17 (f) Securities issued by a state or local government, or any instrumentality or
- 18 agency thereof, in the United States, and rated in one (1) of the three (3)
- 19 highest categories by a nationally recognized rating agency;
- 20 (g) United States denominated corporate, Yankee, and Eurodollar securities,
- 21 excluding corporate stocks, issued by foreign and domestic issuers, including
- 22 sovereign and supranational governments, rated in one (1) of the three (3)
- 23 highest categories by a nationally recognized rating agency;
- 24 (h) Asset-backed securities rated in the highest category by a nationally
- 25 recognized rating agency; and
- 26 (i) Shares of mutual funds, not to exceed ten percent (10%) of the total funds
- 27 available for investment as described in subsection (9) of this section, each of

1 which shall have the following characteristics:

- 2 1. The mutual fund shall be an open-end diversified investment company
- 3 registered under Federal Investment Company Act of 1940, as amended;
- 4 2. The management company of the investment company shall have been
- 5 in operation for at least five (5) years;
- 6 3. At least ninety percent (90%) of the securities in the mutual fund shall
- 7 be eligible investments pursuant to this section; and

8 (j) State and local delinquent property tax claims which upon purchase shall
 9 become certificates of delinquency secured by interests in real property not to
 10 exceed twenty-five million dollars (\$25,000,000) in the aggregate. For any
 11 certificates of delinquency that have been exonerated pursuant to KRS
 12 132.220(5), the Department of Revenue~~[-Cabinet]~~ shall offset the loss
 13 suffered by the Finance and Administration Cabinet against subsequent local
 14 distributions to the affected taxing districts as shown on the certificate of
 15 delinquency.

16 (10) The State Investment Commission shall promulgate administrative regulations for
 17 the investment and reinvestment of state funds in shares of mutual funds, and the
 18 regulations shall specify:

- 19 (a) The long and short term goals of any investment;
- 20 (b) The specification of moneys to be invested;
- 21 (c) The amount of funds which may be invested per instrument;
- 22 (d) The qualifications of instruments; and
- 23 (e) The acceptable maturity of investments.

24 (11) Any investment in obligations and securities pursuant to subsection (9) of this
 25 section shall satisfy this section if these obligations are subject to repurchase
 26 agreements, provided that delivery of these obligations is taken either directly or
 27 through an authorized custodian.

1 (12) Income earned from investments made pursuant to this section shall accrue to the
2 credit of the investment income account of the general fund, except that interest
3 from investments of excess cash in the road fund shall be credited to the surplus
4 account of the road fund and interest from investments of excess cash in the game
5 and fish fund shall be credited to the game and fish fund, interest earned from
6 investments of imprest cash funds and funds in the trust and revolving fund for each
7 state public university shall be credited to the appropriate institutional account, and
8 interest earned from the investment of funds accumulated solely by means of
9 contributions and gifts shall not be diverted to any purpose other than that stipulated
10 by the donor, when the donor shall have designated the use to which the interest
11 shall be placed. Except as otherwise provided by law, or by the obligations and
12 covenants contained in resolutions and trust indentures adopted or entered into for
13 state bond issues, interest earned from the investment of moneys appropriated to the
14 capital construction accounts, trust and agency accounts, and trust and agency
15 revolving accounts shall accrue to the capital construction investment income
16 account. If the total general fund revenue receipts are less than the total revenue
17 estimates for the general fund under KRS 48.120 and 48.130, the secretary of the
18 Finance and Administration Cabinet, upon the recommendation of the state budget
19 director, may direct the transfer of excess unappropriated capital construction
20 investment income to the general fund investment income account. The amount of
21 the transfer shall not exceed the amount of the shortfall in general fund revenues. If
22 the capital construction investment income is less than that amount appropriated by
23 the General Assembly, the secretary of the Finance and Administration Cabinet
24 may, upon recommendation of the state budget director, direct the transfer of excess
25 unappropriated general fund investment income to the capital construction
26 investment income account. The transfer of general fund investment income
27 revenues to the capital construction investment income account shall be made only

1 when the actual general fund revenues are in excess of the revenue estimates under
 2 KRS 48.120 and shall be limited to the amount of the excess general fund revenues.

3 The amount of the transfer shall not exceed the amount of the shortfall in the capital
 4 construction fund revenues.

5 (13) The authority granted by this section to the State Investment Commission shall not
 6 extend to any funds that are specifically provided by law to be invested by some
 7 other officer or agency of the state government.

8 (14) The authority granted by this section to the State Investment Commission shall only
 9 be exercised pursuant to the administrative regulations mandated by KRS 42.525.

10 (15) Each member of the State Investment Commission, with the exception of the
 11 Governor, shall post bond for his acts or omissions as a member thereof identical in
 12 amount and kind to that posted by the State Treasurer.

13 Section 55. KRS 42.545 is amended to read as follows:

14 Each agency authorized to issue bonds listed in this section shall make a report according
 15 to generally accepted accounting principles of all money received and disbursed during
 16 each fiscal year, on or before the fifteenth of July, showing the receipts, expenditures,
 17 trustees, depositories, rates of interest paid by depositories, investments, and rates of
 18 return on investments by each agency to the Office of the Controller. The agencies
 19 required to report under this section are Eastern Kentucky University; Kentucky State
 20 University; Morehead State University; Murray State University; Northern Kentucky
 21 University; University of Kentucky; University of Louisville; Western Kentucky
 22 University; Kentucky Community and Technical College System; Kentucky Housing
 23 Corporation; ~~Kentucky Pollution Abatement Authority;~~ Kentucky Higher Education
 24 Student Loan Corporation; Kentucky School Building Authority; the Turnpike Authority
 25 of Kentucky; the State Property and Buildings Commission; Churchill Downs Authority;
 26 Kentucky Health and Geriatric Authority; State Fair Board; Department of Fish and
 27 Wildlife Resources; Water Resources Authority of Kentucky; and any other agency or

1 instrumentality authorized to issue bonds.

2 Section 56. KRS 42.560 is amended to read as follows:

- 3 (1) There is established in the Treasury of the Commonwealth a trust fund to be known
4 as the "Energy Assistance Trust Fund" referred to in KRS 42.560 to 42.572 as the
5 "trust fund."
- 6 (2) The trust fund shall consist of any oil overcharge refunds which become available to
7 the state as a result of litigation for alleged overcharges for crude oil or refined
8 petroleum products sold during the period of time in which federal price controls on
9 such products were in effect, any moneys as may be appropriated by the general
10 fund, and any investment interest earned on the fund.
- 11 (3) The fund shall be managed by the state Office of Financial Management within the
12 Office of the Controller and all moneys in excess of the amount to be disbursed in a
13 given fiscal year shall be invested to maximize returns. The principal and any
14 interest earnings of the trust fund shall at no time lapse to the general fund.
- 15 (4) The trust fund and all accumulated interest shall be disbursed over a period of time
16 not exceeding ten (10) years from February 19, 1988. Interest accumulated during
17 the 1987-88 fiscal year shall immediately be available for disbursement. Fifty
18 thousand dollars (\$50,000) of the interest shall be allocated to the Legislative
19 Research Commission for consultant costs for a study of energy conservation and
20 weatherization programs as directed by the 1988 General Assembly. The remainder
21 of the accumulated interest shall be made available to the Cabinet for Families and
22 Children with fifty percent (50%) of the interest allocated to weatherization services
23 to low-income households and fifty percent (50%) of the interest allocated to low-
24 income energy assistance services. The funds to be available for expenditure in any
25 fiscal year shall be appropriated by the General Assembly from the trust fund as
26 provided in KRS 48.300.

27 Section 57. KRS 42.650 is amended to read as follows:

- 1 (1) The *Division*~~[Office]~~ of Geographic Information is hereby established in the Office
 2 of *Enterprise Information Technology Policy and Planning within the*
 3 *Commonwealth Office of Technology in*~~[the Secretary of]~~ the Finance and
 4 Administration Cabinet.
- 5 (2) The *Division*~~[Office]~~ of Geographic Information shall be headed by *a division*~~[an~~
 6 ~~executive]~~ director, whose appointment is subject to KRS 12.050. The
 7 *division*~~[executive]~~ director may employ personnel, pursuant to the provisions of
 8 KRS Chapter 18A, as required to perform the functions of the office.
- 9 (3) The *division*~~[office]~~ may solicit, receive, and consider proposals for funding from
 10 any state agency, federal agency, local government, university, nonprofit
 11 organization, or private person or corporation. The *division*~~[office]~~ may also solicit
 12 and accept money by grant, gift, donation, bequest, legislative appropriation, or
 13 other conveyance.
- 14 (4) The *division*~~[office]~~ shall:
- 15 (a) Establish a central statewide geographic information clearinghouse to
 16 maintain map inventories, information on current and planned geographic
 17 information systems applications, information on grants available for the
 18 acquisition or enhancement of geographic information resources, and a
 19 directory of geographic information resources available within the state or
 20 from the federal government;
- 21 (b) Coordinate multiagency geographic information system projects, including
 22 overseeing the development and maintenance of statewide base maps and
 23 geographic information systems;
- 24 (c) Provide access to both consulting and technical assistance, and education and
 25 training, on the application and use of geographic information technologies to
 26 state and local agencies;
- 27 (d) Maintain, update, and interpret geographic information and geographic

- 1 information systems standards, under the direction of the council;
- 2 (e) Provide geographic information system services, as requested, to agencies
- 3 wishing to augment their geographic information system capabilities;
- 4 (f) In cooperation with other agencies, evaluate, participate in pilot studies, and
- 5 make recommendations on geographic information systems hardware and
- 6 software;
- 7 (g) Assist the council with review of agency information resource plans and
- 8 participate in special studies as requested by the council;
- 9 (h) Provide staff support and technical assistance to the Geographic Information
- 10 Advisory Council; and
- 11 (i) Prepare proposed legislation and funding proposals for the General Assembly
- 12 which will further solidify coordination and expedite implementation of
- 13 geographic information systems.

14 (5) The division~~office~~ may promulgate necessary administrative regulations for the
15 furtherance of this section.

16 Section 58. KRS 43.071 is amended to read as follows:

- 17 (1) The Auditor of Public Accounts shall annually audit each county clerk concerning:
 - 18 (a) All receipts due from the collection of motor vehicle and motorboat
 - 19 registration fees, motor vehicle and motorboat licenses and other receipts due
 - 20 the clerk pertaining to motor vehicles and motorboats as prescribed in KRS
 - 21 Chapters 186, 186A and 235;
 - 22 (b) All receipts due from the collection of motor vehicle usage tax as prescribed
 - 23 by KRS 138.460; and
 - 24 (c) All receipts due from the collection of the ad valorem tax on motor vehicles
 - 25 and motorboats as prescribed by KRS 134.800.

26 These annual audits shall be completed by April 15 of the year following the year to
27 be audited.

(2) The provisions of KRS 43.070 shall not apply to the separate and distinct duties imposed on the Auditor of Public Accounts pursuant to subsection (1) of this section. The audits specified in subsection (1) of this section shall be conducted prior to the audits mandated by KRS 43.070.

(3) Immediately upon completion of each audit, the Auditor of Public Accounts shall prepare a report of his findings noting any indebtedness to the Commonwealth. He shall furnish one (1) copy to the county clerk, one (1) copy to the secretary of the Transportation Cabinet, one (1) copy to the secretary of the Finance and Administration~~[Revenue]~~ Cabinet and one (1) copy to the secretary of the Natural Resources and Environmental Protection Cabinet. If the county clerk objects to any findings of indebtedness in the Auditor's report, he shall file a written response with the Auditor within ten (10) days of his receipt of the report. The Auditor shall consider the written response and within thirty (30) days of its receipt issue a final report. If the county clerk wishes to object to any findings of indebtedness contained in the final report, he shall file a request within ten (10) days of his receipt of the final report for a hearing before a three (3) member panel composed of the secretary of transportation or his designee, the commissioner~~[secretary]~~ of the Department of Revenue~~[Cabinet]~~ or his designee, and the president of the Kentucky County Clerks Association or his designee. The hearing shall be conducted in accordance with the provisions of KRS Chapter 13B. The majority decision of this panel shall be determinative of any indebtedness to the Commonwealth. If the county clerk wishes to appeal the decision of this panel, he shall file the appeal in the Circuit Court for the county where he serves in accordance with KRS Chapter 13B.

Section 59. KRS 44.030 is amended to read as follows:

(1) No money shall be paid to any person on a claim against the state in his own right, or as an assignee of another, when he or his assignor is indebted to the state. The claim, to the extent it is allowed, shall be credited to the account of the person so

1 indebted, and if there is any balance due him after settling the whole demand of the
2 state that balance shall be paid to him.

3 (2) The Finance and Administration Cabinet shall provide the Cabinet for Families and
4 Children with a quarterly report of all tort claims made against the state by
5 individuals that the Cabinet for Families and Children shall compare with the child
6 support database to match individuals who have a child support arrearage and may
7 receive a settlement from the state.

8 (3) Each organizational unit and administrative body in the executive branch of state
9 government, as defined in KRS 12.010, and the Court of Justice in the judicial
10 branch of state government shall provide information to the State Treasurer
11 concerning any debt it has referred to the Department of Revenue~~[-Cabinet]~~ for
12 collection under KRS 45.241.

13 (4) Each agency and the Court of Justice shall provide information to the State
14 Treasurer concerning any debt referred to the Department of Revenue~~[-Cabinet]~~ for
15 collection under KRS 45.237.

16 Section 60. KRS 45.001 is amended to read as follows:

17 (1) The Capital Development Committee is created. The committee shall ensure the
18 proper coordination of state government initiatives which impact the City of
19 Frankfort and Franklin County government and are unique to the seat of state
20 government.

21 (2) The committee shall meet at least semiannually at a time and place announced by
22 the chairperson.

23 (3) The membership of the committee shall consist of the following members or their
24 designees:

- 25 (a) The mayor of the city of Frankfort;
- 26 (b) The county judge/executive of Franklin County;
- 27 (c) The secretary of the Finance and Administration Cabinet;

- 1 (d) The secretary of the Tourism Cabinet;
- 2 (e) The secretary of the Education, Arts, and Humanities Cabinet;
- 3 (f) The commissioner of the Department of Travel Development;
- 4 (g) The executive director of the Office of Capital Plaza Operations;
- 5 (h) The chairman of the Frankfort/Franklin County Tourist and Convention
- 6 Commission;
- 7 (i) A citizen at large, who is a resident of Franklin County, appointed by the
- 8 Franklin County judge/executive; and
- 9 (j) A citizen at large, who is a resident of Frankfort, appointed by the mayor of
- 10 the city of Frankfort.

11 The citizen-at-large members of the committee shall be appointed to a term of four
 12 (4) years each.

13 (4) The Governor shall appoint the chairperson of the committee.

14 (5) Members of the committee shall serve without compensation.

15 (6) The Office of Capital Plaza Operations~~[in the Finance and Administration Cabinet]~~
 16 shall provide administrative support to the committee.

17 Section 61. KRS 45.237 is amended to read as follows:

18 (1) As used in KRS 45.237 to 45.239:

19 (a) "Agency" means an organizational unit or administrative body in the
 20 executive branch of state government as defined in KRS 12.010;

21 (b) "Department"~~["Cabinet"]~~ means the Department of Revenue~~[Cabinet]~~;

22 (c) "Court of Justice" means the Administrative Office of the Courts, all courts,
 23 and all clerks of the courts;

24 (d) "Improper payment" means a payment made to a vendor, provider, or recipient
 25 due to error, fraud, or abuse; and

26 (e) "Debt" means:

27 1. A sum certain which has been certified by an agency as due and owing;

1 and

2 2. For the Court of Justice, "debt" means a legal debt, including any fine,
3 fee, court costs, or restitution due the Commonwealth, which have been
4 imposed by a final sentence of a trial court of the Commonwealth and
5 for which the time permitted for payment pursuant to the provisions of
6 KRS 23A.205(3) or 24A.175(4) has expired.

7 (2) The Finance and Administration Cabinet shall develop for the executive branch of
8 state government a system of internal controls and preaudit policies and procedures
9 applicable to disbursement transactions for the purpose of prevention and detection
10 of errors or fraud and abuse prior to the issuance of a check or warrant. The initial
11 policies and procedures shall be established and implemented no later than October
12 1, 2004, and shall focus first on programs or activities that expend the most federal
13 and general fund dollars. The Finance and Administration Cabinet shall develop
14 preaudit procedures that meet the unique needs of each agency.

15 (3) In establishing these systems of internal control and preaudit policies and
16 procedures, the Finance and Administration Cabinet shall:

17 (a) Consult with each agency within the executive branch to ascertain its unique
18 fraud risks;

19 (b) Establish policies and procedures for agency-level oversight of fraud risks,
20 including risk assessment, risk tolerance, and management policies, and fraud-
21 prevention processing controls;

22 (c) Establish systems and procedures for detecting both unintentional errors and
23 fraudulent misrepresentations that may have occurred in vendor invoices
24 submitted for payment, applications submitted for benefits, claims for refunds
25 of amounts previously paid or withheld, and other disbursements;

26 (d) Establish systems and procedures for preventing and detecting unintentional
27 errors and the fraudulent disbursement of funds by state government

- 1 employees in the processing, approving, and paying of invoices, refunds,
 2 vouchers, benefit payments, and other disbursements; and
- 3 (e) Consult with the state Auditor of Public Accounts, the Commonwealth Office
 4 of [Governor's Office for] Technology, the American Institute of Certified
 5 Public Accountants, the Association of Certified Fraud Examiners, law
 6 enforcement agencies, or any other entity with knowledge and expertise in the
 7 detection and prevention of fraud.
- 8 (4) Each agency shall diligently attempt to collect amounts paid to a vendor, provider,
 9 or recipient due to error, fraud, or abuse for sixty (60) days after the improper
 10 payment is discovered. If the improper payment has not been recovered after sixty
 11 (60) days, the agency shall certify the improper payment as a debt of the agency and
 12 shall refer all certified debts to the department[cabinet].
- 13 (5) Any funds recovered by an agency within the sixty (60) day collection period
 14 allowed under subsection (4) of this section and prior to referral to the
 15 department[cabinet] shall be allocated to the fund from which the improper
 16 payment was expended.
- 17 (6) Each agency shall submit annual summaries of debts due to error, fraud, or abuse,
 18 improper payments discovered, and certified debts referred to the
 19 department[cabinet] to the Legislative Research Commission. These summaries
 20 shall include but not be limited to:
- 21 (a) Debts owed the Commonwealth that have been identified by the agency, in
 22 accordance with the preaudit procedures established under this section, as
 23 those resulting from error, fraud, or abuse, of either the payee or the state
 24 agency;
- 25 (b) The aggregate amount of money collected by the agency on those debts during
 26 the sixty (60) day period allowed under subsection (4) of this section; and
- 27 (c) The aggregate amount of certified debts that the agency referred to the

1 department~~[cabinet]~~.

2 (7) Each agency shall provide information about each debt due to error, fraud, or abuse
3 that is certified under this section to the State Treasurer for the Treasurer's action
4 under KRS 44.030(1).

5 Section 62. KRS 45.238 is amended to read as follows:

6 (1) Debts that are certified by an agency as provided in KRS 45.237 shall be referred to
7 the department~~[cabinet]~~ for collection. The department~~[cabinet]~~ shall be vested
8 with all the powers necessary to collect any referred debts.

9 (2) For those debts deemed unfeasible or cost ineffective to pursue, the
10 department~~[cabinet]~~ shall maintain written records of the debt and the reason the
11 debt was deemed unfeasible or cost ineffective to pursue. These debts shall be
12 written off in accordance with administrative regulations promulgated under the
13 authority of subsection (6) of this section.

14 (3) All certified debts received by the department~~[cabinet]~~ after the sixty (60) day
15 collection period allowed in KRS 45.237(4) shall be subject to interest at the tax
16 interest rate determined under KRS 131.183, on the amount of the debt from the
17 date the debt is certified to the department~~[cabinet]~~ until it is satisfied, and a
18 twenty-five percent (25%) collection fee. The department~~[cabinet]~~ may retain the
19 collection fee and shall deposit the interest and recovered funds in the budget
20 reserve trust fund established in KRS 48.705, except for Medicaid benefits and
21 funds required by law to be remitted to a federal agency.

22 (4) The commissioner~~[secretary]~~ of the department~~[cabinet]~~ may refer to the Attorney
23 General any unsatisfied claim, demand, account, or judgment in favor of the
24 Commonwealth for further civil or criminal action under KRS 15.060.

25 (5) (a) The department~~[cabinet]~~ shall report annually by October 1 to the Legislative
26 Research Commission on all referred certified debts, including at least a
27 summary of the debts by agency, fund type, and age, the latter compiled in the

1 following four (4) categories:

- 2 1. Debts from ninety (90) to one hundred seventy-nine (179) days old;
- 3 2. Debts from one hundred eighty (180) to three hundred sixty-four (364)
- 4 days old;
- 5 3. Debts over one (1) year old but less than three (3) years old; and
- 6 4. Debts three (3) years old or older.

7 (b) The annual report shall also include the collection amount of the debts in
8 paragraph (a) of this subsection and the accounts to which the amounts are
9 credited.

10 (6) The department~~[cabinet]~~ shall promulgate administrative regulations in accordance
11 with KRS Chapter 13A to establish standards that agencies shall use in determining
12 when to write debts off the books.

13 Section 63. KRS 45.239 is amended to read as follows:

14 (1) The Court of Justice shall initiate, by October 1, 2004, fully implement by October
15 1, 2005, and thereafter maintain a system for tracking and identifying debts.

16 (2) The Court of Justice shall establish and operate a system for collecting debt.

17 (3) In establishing the systems required by this section, the Court of Justice shall
18 consider technology that could assist in the accurate, timely, and efficient delivery
19 of payments of debts.

20 (4) The Court of Justice, Justice Cabinet, and the Department of Revenue~~[Cabinet]~~
21 shall collaborate to implement a system, if feasible, to identify and collect debts in
22 existence prior to the implementation date of the system required by subsection (1)
23 of this section. Confidential information shared among these entities to identify and
24 collect debts shall not be divulged to any unauthorized person. Debts collected
25 under this subsection shall be reported annually and designated separately as part of
26 the report required pursuant to KRS 45.238 beginning on October 1, 2005, and
27 ending with the report filed on or before October 1, 2009.

1 (5) The Court of Justice, Justice Cabinet, and Department of Revenue~~[Cabinet]~~ shall
 2 collaborate to implement a system, if feasible, to identify and collect liquidated
 3 debts in existence prior to the implementation date of the system required by
 4 subsection (1) of this section. Confidential information shared among these entities
 5 to identify and collect debts shall not be divulged to any unauthorized person. Debts
 6 collected under this subsection shall be reported annually to the Legislative
 7 Research Commission beginning on October 1, 2005, and ending with the report
 8 filed on or before October 1, 2009.

9 Section 64. KRS 45.241 is amended to read as follows:

10 (1) As used in this section:

- 11 (a) "Debt" means a sum certain which has been certified by an agency as due and
 12 owing;
- 13 (b) "Liquidated debt" means a legal debt for a sum certain which has been
 14 certified by an agency as final due and owing, all appeals and legal actions
 15 having been exhausted; and for the Court of Justice means a legal debt
 16 including any fine, fee, court costs, or restitution due the Commonwealth,
 17 which have been imposed by a final sentence of a trial court of the
 18 Commonwealth and for which the time permitted for payment pursuant to the
 19 provisions of KRS 23A.205(3) or KRS 24A.175(4) has expired;
- 20 (c) "Agency" means an organizational unit or administrative body in the
 21 executive branch of state government, as defined in KRS 12.010;
- 22 (d) "Department"~~["Cabinet"]~~ means the Department of Revenue~~[Cabinet]~~;
- 23 (e) "Court of Justice" means the Administrative Office of the Courts, all courts,
 24 and all clerks of the courts;
- 25 (f) "Forgivable loan agreement" means a loan agreement entered into between an
 26 agency and a borrower that establishes specific conditions, which, if satisfied
 27 by the borrower, allows the agency to forgive a portion or all of the loan; and

1 (g) "Improper payment" means a payment made to a vendor, provider, or recipient
2 due to error, fraud, or abuse.

3 (2) Each agency and the Court of Justice shall develop, maintain, and update in a timely
4 manner an ongoing inventory of each debt owed to it, including debts due to
5 improper payments, and shall make every reasonable effort to collect each debt.
6 Within sixty (60) days after the identification of a debt, each agency shall begin
7 administrative action to collect the debt.

8 (3) The Auditor of Public Accounts shall review each agency's debt identification and
9 collection procedures as part of the annual audit of state agencies.

10 (4) An agency shall not forgive any debt owed to it unless that agency has entered into a
11 forgivable loan agreement with a borrower, or unless otherwise provided by statute.

12 (5) For those agencies without statutory procedures for collecting debts, the
13 Department of Revenue~~[-Cabinet]~~ shall promulgate administrative regulations in
14 accordance with KRS Chapter 13A to prescribe standards and procedures with
15 which those agencies shall comply regarding collection of debts, notices to persons
16 owing debt, information to be monitored concerning the debts, and an appeals
17 process.

18 (6) Each agency and the Court of Justice shall identify all liquidated debts, including
19 debts due to improper payments, and shall submit a list of those liquidated debts in
20 the form and manner prescribed by the department~~[-cabinet]~~ to the
21 department~~[-cabinet]~~ for review. The department~~[-cabinet]~~ shall review the
22 information submitted by the agencies and the Court of Justice and shall, within
23 ninety (90) days of receipt of the information, determine whether it would be cost-
24 effective for the department~~[-cabinet]~~ to further pursue collection of the liquidated
25 debts.

26 (a) The department~~[-cabinet]~~ may, after consultation with the agency or the Court
27 of Justice, return the liquidated debt to the entity submitting the liquidated

1 debt if:

- 2 1. The request for review contains insufficient information; or
- 3 2. The debt is not feasible to collect.

4 Any return of a liquidated debt shall be in writing, and shall state why the debt
5 is being returned.

6 (b) The department~~[cabinet]~~ shall identify in writing, to the submitting agency or
7 the Court of Justice, the liquidated debts it has determined that it can pursue in
8 a cost-effective manner, and the agency or Court of Justice shall officially
9 refer the identified liquidated debts to the cabinet for collection.

10 (c) The agency and the Court of Justice shall retain a complete record of all
11 liquidated debts referred to the department~~[cabinet]~~ for collection until the
12 debt is collected or forgiven.

13 (d) Each agency and the Court of Justice shall make appropriate accounting of
14 any uncollected debt as prescribed by law.

15 (7) (a) If the agency recovers the debt funds prior to referral to the Department of
16 Revenue~~[Cabinet]~~, the agency shall retain the collected funds in accordance
17 with its statutory authority.

18 (b) Upon referral of a liquidated debt to the Department of Revenue~~[Cabinet]~~,
19 the liquidated debt shall accrue interest from the time of referral until paid,
20 and a twenty-five percent (25%) collection fee shall attach unless the interest
21 and collection fee are waived by the Department of Revenue~~[Cabinet]~~. The
22 collection fee and interest shall be in addition to any other costs accrued prior
23 to the time of referral. The department~~[cabinet]~~ may deduct and retain from
24 the liquidated debt recovered an amount equal to the lesser of the collection
25 fee or the actual expenses incurred in the collection of the debt. Any funds
26 recovered by the Department of Revenue~~[Cabinet]~~ after the deduction of the
27 department's~~[cabinet's]~~ cost of collection expenses shall be deposited in the

1 general fund, except for Medicaid benefits funds and funds required by law to
2 be remitted to a federal agency, which shall be remitted as required by law.

3 (c) Nothing in this section shall prohibit the Department of Revenue~~[-Cabinet]~~
4 from entering into a memorandum of agreement with an agency pursuant to
5 KRS 131.130(11), for collection of debts prior to liquidation. If an agency
6 enters into an agreement with the department~~[-cabinet]~~, the agency shall retain
7 funds collected according to the provisions of the agreement.

8 (d) This section shall not affect any agreement between the department~~[-cabinet]~~
9 and an agency entered into under KRS 131.130(11) that is in effect on July 13,
10 2004, that provides for the collection of liquidated debts by the
11 department~~[-cabinet]~~ on behalf of the agency.

12 (e) This section shall not affect the collection of delinquent taxes by county
13 attorneys under KRS 134.500.

14 (f) This section shall not affect the collection of performance or reclamation
15 bonds.

16 (8) Upon receipt of a referred liquidated debt and after its determination that the debt is
17 feasible and cost-effective to collect, the Department of Revenue~~[-Cabinet]~~ shall
18 pursue collection of the referred debt in accordance with KRS 131.030.

19 (9) By administrative regulation promulgated under KRS Chapter 13A, the Department
20 of Revenue~~[-Cabinet]~~ shall prescribe the electronic format and form of, and the
21 information required in, a referral.

22 (10) (a) The Department of Revenue~~[-Cabinet]~~ shall report annually by October 1 to
23 the Interim Joint Committee on Appropriations and Revenue on the collection
24 of debts, including debts due to improper payments. The report shall include
25 the total amount by agency and fund type of liquidated debt that has been
26 referred to the department~~[-cabinet]~~; the amount of each referring agency's
27 liquidated debt, by fund type, that has been collected by the

1 ~~department~~~~[cabinet]~~; and the total amount of each referring agency's
 2 liquidated debt, by fund type, that the ~~department~~~~[cabinet]~~ determined to be
 3 cost-ineffective to collect, including the reasons for the determinations.

4 (b) Each cabinet shall report annually by October 1 to the Interim Joint
 5 Committee on Appropriations and Revenue on:

- 6 1. The amount of previous fiscal year unliquidated debt by agency,
 7 including debts due to improper payments, fund type, category, and age,
 8 the latter to be categorized as less than one (1) year, less than five (5)
 9 years, less than ten (10) years, and over ten (10) years; and
- 10 2. The amount, by agency, of liquidated debt, including debts due to
 11 improper payments, not referred to the Department of Revenue~~[~~
 12 ~~Cabinet]~~; a summary, by criteria listed in subsection (6)(a) of this
 13 section, of reasons the Department of Revenue~~[Cabinet]~~ provided for
 14 not requesting referral of those liquidated debts; and a summary of the
 15 actions each agency is taking to collect those liquidated debts.

16 (c) Beginning on October 1, 2005, the Court of Justice shall report annually by
 17 October 1 of each year to the Interim Joint Committee on Appropriations and
 18 Revenue the amount of previous fiscal year unliquidated debt by county and
 19 whether in the Circuit Court or District Court; and fund type and age, the
 20 latter categorized as less than one (1) year, less than five (5) years, less than
 21 ten (10) years, and over ten (10) years. The first year for which the Court of
 22 Justice shall be required to report is the fiscal year beginning on July 1, 2004
 23 and ending on June 30, 2005. The Court of Justice shall not be required to
 24 report unliquidated debts in existence prior to July 1, 2004.

25 (d) The Finance and Administration Cabinet shall report annually by October 1 to
 26 the Interim Joint Committee on Appropriations and Revenue on the amount of
 27 the General Government Cabinet's unliquidated debt by agency, fund type,

1 and age, the latter categorized as less than one (1) year, less than five (5)
2 years, less than ten (10) years, and over ten (10) years.

3 (11) At the time of submission of a liquidated debt to the Department of Revenue~~Cabinet~~
4 for review, the referring agency or the Court of Justice shall provide
5 information about the debt to the State Treasurer for the Treasurer's action under
6 KRS 44.030(1).

7 Section 65. KRS 45.251 is amended to read as follows:

8 (1) Expenditures shall be limited to the amounts and purposes for which appropriations
9 are made. All expenditures shall be reflected in the unified and integrated system of
10 accounts as provided by KRS 45.305.

11 (2) The Finance and Administration Cabinet shall prescribe all information technology
12 standards, system attributes, and components to be used in, or in conjunction with,
13 the unified accounting system. The components must be consistent with
14 Commonwealth standards contained within the information technology architecture,
15 as provided by the Commonwealth Office of~~Governor's Office for~~ Technology.

16 (3) The Governor, the Chief Justice, and the Legislative Research Commission shall
17 designate the officer or employee authorized to approve advices of employment,
18 purchase orders and contracts, and requisitions for reservation of funds, and no
19 advice, order, contract, or requisition shall be honored as a commitment statement
20 unless the designation has been conveyed to the Finance and Administration
21 Cabinet.

22 (4) The Finance and Administration Cabinet may approve for payment any expenditure
23 presented by a budget unit, provided that the Finance and Administration Cabinet is
24 able to determine that the expenditure is to satisfy a liability of the Commonwealth
25 of Kentucky created on behalf of that budget unit in fulfilling the governmental
26 function assigned to that budget unit and that the expenditure is being made from
27 the unexpended balance of a proper allotment.

1 (5) Subsidiary records shall be maintained to report the financial operation and
2 condition of each budget unit. These subsidiary records shall be compatible with the
3 unified accounting system prescribed by subsection (1) of this section and by KRS
4 45.305, and may be on the accrual basis or cash basis. Expenditures may be by prior
5 encumbrances or by straight disbursements. The subsidiary records may be
6 maintained by the Finance and Administration Cabinet and by the budget unit
7 involved. When a budget unit is authorized to maintain subsidiary records, the
8 Finance and Administration Cabinet shall have authority to prescribe the accounting
9 and preauditing procedures. The unified system of accounts shall conform to
10 accepted management and accounting principles.

11 Section 66. KRS 45.253 is amended to read as follows:

12 (1) Revolving accounts may be established by appropriation in a branch budget bill to
13 finance activities which are self-supporting in whole or in part.

14 (2) Trust and agency accounts may be established by a branch budget bill to receive and
15 disburse contributions, gifts, donations, devises, and federal appropriations, and,
16 when authorized by law, by depositing all of the fees (which include fees for
17 maintenance in state institutions, incidental fees, tuition fees, fees for board and
18 room, athletics, and student activities), rentals, admittance, sales, licenses collected
19 by law, subventions, and other miscellaneous receipts of budget units.

20 (3) The head of the budget unit or other responsible fiscal agent of the unit for which a
21 revolving, trust, or agency account has been established shall deposit with the State
22 Treasury all receipts of the character above described, and the Finance and
23 Administration Cabinet shall credit all receipts to the budget unit and shall keep
24 separate accounting for each account so established.

25 (4) The amounts credited to any revolving, trust, or agency account so provided, shall
26 be held available for disbursement for the purpose provided by law and shall not be
27 diverted to any other purpose. Revolving, trust, or agency accounts shall be subject

to withdrawal from the State Treasury by the head of each budget unit when actually needed, on requisition to the Finance and Administration Cabinet in the same manner provided by law as other state funds are withdrawn. Funds received from the federal government in the form of grants or otherwise may be expended for the purpose intended even though received in a fiscal year other than that in which the related original encumbrance or expenditure was incurred. Trust and agency funds shall be allotted before an expenditure is made; and the secretary of the Finance and Administration Cabinet may withhold allotment of general fund appropriations to the extent trust and agency funds are available.

(5) Subject to prior approval by the secretary of the Finance and Administration Cabinet, the Chief Justice, and the Legislative Research Commission for their respective branches, any budget unit which, as an incident to its authorized duties and functions, furnishes requested services or materials to any persons outside state government, where such services or materials are not required by law to be furnished gratuitously, may charge such persons an amount not to exceed the total expense to the budget unit of the services or materials furnished. The receipts from the approved charges shall be credited to the surplus account of the general fund. Payroll deductions for the Kentucky State Police legal fund shall be made without any service fees or charges.

(6) The Commonwealth Office of~~Governor's Office for~~ Technology may charge any agency of local government an amount, not to exceed the total expense to the department, for services rendered or materials furnished at the request of the local government agency, unless the services or materials are required by law to be furnished gratuitously. The receipts from the authorized charges shall be deposited in the State Treasury and credited to the trust and agency fund, the Commonwealth Office of~~Governor's Office for~~ Technology's operating account.

(7) All receipts which accrue as the result of the Commonwealth Office of~~Governor's~~

Office for} Technology's providing on-line computer access to public records by nongovernment entities shall be deposited in the State Treasury and credited to the trust and agency fund, the Commonwealth Office of Governor's Office for} Technology's operating account.

Section 67. KRS 45.818 is amended to read as follows:

The executive director of the Commonwealth Office of Technology Commonwealth's chief information officer} shall provide to the Capital Projects and Bond Oversight Committee at its January, April, July, and October regular meetings a status report on any information technology system not yet completed which received line item authorization by the Kentucky General Assembly or was authorized pursuant to KRS 45.760(14), excluding systems of an institution as defined under KRS 164.001. The committee shall prescribe data elements to be included in the quarterly status reports.

Section 68. KRS 45.990 is amended to read as follows:

- (1) Any officer, agent, or employee of any budget unit who willfully fails or refuses to comply with any of the provisions of KRS 45.011 to 45.031, 45.121, 45.142, 45.151, 45.242, 45.244, 45.251, 45.253, 45.305, or 45.313, or who expends any money in violation of any of the provisions of those sections, shall be subject to prosecution in the Franklin Circuit Court, and upon conviction shall be guilty of a violation.
- (2) If any person incurs, or orders or votes for the incurrence of, any obligations in violation of any of the provisions of KRS 45.244, he and his sureties shall be jointly and severally liable therefor.
- (3) Any employee of the Office Division} of Material and Procurement Services established within the Office of the Controller, or any official of the Commonwealth of Kentucky, elective or appointive, who shall take, receive, or offer to take or receive, either directly or indirectly, any rebate, percentage of contract, money, or other things of value, as an inducement or intended inducement

1 in the procurement of business, or the giving of business, including, but not limited
 2 to, personal service contracts, for, or to, or from, any person, partnership, firm, or
 3 corporation, offering, bidding for, or in open market seeking to make sales to the
 4 Commonwealth of Kentucky, shall be deemed guilty of a Class C felony.

- 5 (4) Every person, firm, or corporation offering to make, or pay, or give, any rebate,
 6 percentage of contract, money, or any other thing of value, as an inducement or
 7 intended inducement, in the procurement of business, or the giving of business,
 8 including, but not limited to, personal service contracts, to any employee of the
 9 Office~~[Division]~~ of Material and Procurement Services or to any official of the
 10 Commonwealth, elective or appointive, in his efforts to bid for, or offer for sale, or
 11 to seek in the open market, shall be deemed guilty of a Class C felony.

12 Section 69. KRS 45A.045 is amended to read as follows:

- 13 (1) The Finance and Administration Cabinet shall serve as the central procurement and
 14 contracting agency of the Commonwealth.

15 (a) The cabinet shall require all agencies to furnish an estimate of specific needs
 16 for supplies, materials, and equipment to be purchased by competitive bidding
 17 for the purpose of permitting scheduling of purchasing in large volume. The
 18 cabinet shall establish and enforce schedules for purchasing supplies,
 19 materials, and equipment. In addition, prior to the beginning of each fiscal
 20 year all agencies shall submit to the Finance and Administration Cabinet an
 21 estimate of all needs for supplies, materials, and equipment during that year
 22 which will have to be required through competitive bidding.

23 (b) The Finance and Administration Cabinet shall have power, with the approval
 24 of the secretary of the Finance and Administration Cabinet, to transfer
 25 between departments, to salvage, to exchange, and to condemn supplies,
 26 equipment, and real property.

27 (c) The Finance and Administration Cabinet shall attempt in every practicable

1 way to ensure that state agencies are fulfilling their business needs through the
2 application of the best value criteria.

3 (2) The Finance and Administration Cabinet shall recommend regulations, rules, and
4 procedures and shall have supervision over all purchases by the various spending
5 agencies, except as otherwise provided by law, and, subject to the approval of the
6 secretary of the Finance and Administration Cabinet, shall promulgate
7 administrative regulations to govern purchasing by or for all these agencies. The
8 cabinet shall publish a manual of procedures which shall be incorporated by
9 reference as an administrative regulation pursuant to KRS Chapter 13A. This
10 manual shall be distributed to agencies and shall be revised upon issuance of
11 amendments to these procedures. No purchase or contract shall be binding on the
12 state or any agency thereof unless approved by the Finance and Administration
13 Cabinet or made under general administrative regulations promulgated by the
14 cabinet.

15 (3) The Finance and Administration Cabinet shall purchase or otherwise acquire, or,
16 with the approval of the secretary, may delegate and control the purchase and
17 acquisition of the combined requirements of all spending agencies of the state,
18 including, but not limited to, interests in real property, contractual services, rentals
19 of all types, supplies, materials, equipment, and services.

20 (4) The Finance and Administration Cabinet shall sell, trade, or otherwise dispose of
21 any interest in real property of the state which is not needed, or has become
22 unsuitable for public use, or would be more suitable to the public's interest if used
23 in another manner, as determined by the secretary of the Finance and
24 Administration Cabinet. The determination of the secretary of the Finance and
25 Administration Cabinet shall be set forth in an order and shall be reached only after
26 review of a written request by the agency desiring to dispose of the property. This
27 request shall describe the property and state the reasons why the agency believes the

property should be disposed. All instruments required by law to be recorded which convey any interest in any real property so disposed of shall be executed and signed by the secretary of the Finance and Administration Cabinet and approved by the Governor. Unless the secretary of the Finance and Administration Cabinet deems it in the best interest of the state to proceed otherwise, all interests in real property shall be sold either by invitation of sealed bids or by public auction. The selling price of any interest in real property shall not be less than the appraised value thereof as determined by the cabinet, or the Transportation Cabinet for the requirements of that cabinet.

(5) The Finance and Administration Cabinet shall sell, trade, or otherwise dispose of all personal property of the state that is not needed, or has become unsuitable for public use, or would be more suitable to the public's interest if used in another manner, or, with the approval of the secretary, may delegate the sale, trade, or other disposal of the personal property. In the event the authority is delegated, the method for disposal shall be determined by the agency head, in accordance with administrative regulations promulgated by the Finance and Administration Cabinet, and shall be set forth in a document describing the property and stating the method of disposal and the reasons why the agency believes the property should be disposed of. In the event the authority is not delegated, requests to the Finance and Administration Cabinet to sell, trade, or otherwise dispose of the property shall describe the property and state the reasons why the agency believes the property should be disposed of. The method for disposal shall be determined by the Division of Surplus Properties~~[Property]~~, and approved by the secretary of the Finance and Administration Cabinet or his or her designee.

(6) The Finance and Administration Cabinet shall exercise general supervision and control over all warehouses, storerooms, and stores and of all inventories of supplies, services, and construction belonging to the Commonwealth. The cabinet

1 shall promulgate administrative regulations to require agencies to take and maintain
2 inventories of plant property, buildings, structures, other fixed assets, and
3 equipment. The cabinet shall conduct periodic physical audits of inventories.

4 (7) The Finance and Administration Cabinet shall establish and maintain programs for
5 the development and use of purchasing specifications and for the inspection, testing,
6 and acceptance of supplies, services, and construction.

7 (8) Nothing in this section shall prevent the Finance and Administration Cabinet from
8 negotiating with vendors who maintain a General Services Administration price
9 agreement with the United States of America or any agency thereof. No contract
10 executed under this provision shall authorize a price higher than is contained in the
11 contract between the General Services Administration and the vendor affected.

12 (9) Except as provided in KRS Chapters 175, 176, 177, and 180, and subject to the
13 provisions of this code, the Finance and Administration Cabinet shall purchase or
14 otherwise acquire all real property determined to be needed for state use, upon
15 approval of the secretary of the Finance and Administration Cabinet as to the
16 determination of need and as to the action of purchase or other acquisition. The
17 amount paid for this real property shall not exceed the appraised value as
18 determined by the cabinet or the Transportation Cabinet (for such requirements of
19 that cabinet), or the value set by eminent domain procedure. Subject to the
20 provisions of this code, real property or any interest therein may be purchased,
21 leased, or otherwise acquired from any officer or employee of any agency of the
22 state upon a finding by the Finance and Administration Cabinet, based upon a
23 written application by the head of the agency requesting the purchase, and approved
24 by the secretary of the Finance and Administration Cabinet and the Governor, that
25 the employee has not either himself or herself, or through any other person,
26 influenced or attempted to influence either the agency requesting the acquisition of
27 the property or the Finance and Administration Cabinet in connection with such

1 acquisition. Whenever such an acquisition is consummated, the request and finding
2 shall be recorded and kept by the Secretary of State along with the other documents
3 recorded pursuant to the provisions of KRS Chapter 56.

4 (10) The Finance and Administration Cabinet shall maintain records of all purchases and
5 sales made under its authority and shall make periodic summary reports of all
6 transactions to the secretary of the Finance and Administration Cabinet, the
7 Governor, and the General Assembly. The Finance and Administration Cabinet
8 shall also report trends in costs and prices, including savings realized through
9 improved practices, to the above authorities. The Finance and Administration
10 Cabinet shall also compile an annual report of state purchases by all spending
11 agencies in the state's statewide accounting and reporting system. The report format
12 shall include, but not be limited to, dollar amount, volume, type of purchase, and
13 vendor.

14 (11) For capital construction projects, subject to the provisions of this code and KRS
15 45A.180, the procurement may be on whichever of the following alternative project
16 delivery methods, in the judgment of the secretary of the Finance and
17 Administration Cabinet after first considering the traditional design-bid-build
18 project delivery method, offers the best value to the taxpayer:

19 (a) A design-build basis; or

20 (b) A construction management-at-risk basis.

21 Proposals shall be reviewed by the engineering staff to assure quality and value, and
22 compliance with procurement procedures. All specifications shall be written to
23 promote competition. Nothing in this section shall prohibit the procurement of
24 phased bidding or construction manager-agency services.

25 (12) The Finance and Administration Cabinet shall have control and supervision over all
26 purchases of energy-consuming equipment, supplies, and related equipment
27 purchased or acquired by any agency of the state as provided in this code, and shall

promulgate administrative regulations to designate the manner in which an energy-consuming item will be purchased so as to promote energy conservation and acquisition of energy efficient products. Major energy components shall be amortized on a seven (7) to ten (10) years' recovery basis and shall take into consideration the projected cost of fuel. The Finance and Administration Cabinet, in consultation with the Cabinet for Economic Development, shall conduct a thorough economic feasibility analysis on any major energy-using component of at least three million (3,000,000) BTU's per hour heat input and shall issue a certificate of economic feasibility prior to the Finance and Administration Cabinet's purchasing or retrofitting any such component that utilizes any fuel other than coal. The economic feasibility analysis shall consist of life-cycle cost comparisons of a component that would utilize coal and one(s) that would utilize any fuel other than coal. For the analysis, the Finance and Administration Cabinet shall provide detailed estimates of equipment purchase price, installation cost, annual operation and maintenance costs, and usage patterns of energy-using components.

Section 70. KRS 45A.185 is amended to read as follows:

- (1) Bidder security shall be required for all competitive sealed bidding for construction contracts when the price is estimated by the Commonwealth to exceed forty thousand dollars (\$40,000)~~twenty-five thousand dollars (\$25,000)~~. Bidder's security shall be a bond provided by a surety company authorized to do business in this Commonwealth, or the equivalent in cash, in a form satisfactory to the Commonwealth. Nothing herein prevents the requirement of such bonds on construction contracts under forty thousand dollars (\$40,000)~~twenty-five thousand dollars (\$25,000)~~ when the circumstances warrant.
- (2) Bidder's security shall be in an amount equal to at least five percent (5%) of the amount of the bid.
- (3) When the invitation for bids requires that bidder security be provided,

noncompliance requires that the bid be rejected, provided, however, that the secretary of the Finance and Administration Cabinet may set forth by regulation exceptions to this requirement in the event of substantial compliance.

- (4) After the bids are opened, they shall be irrevocable for the period specified in the invitation for bids, provided that, if a bidder is permitted to withdraw his bid before award because of a mistake in the bid as allowed by law or regulation, no action shall be had against the bidder or the bidder's security.

SECTION 71. A NEW SECTION OF KRS 45A.185 TO 45A.190 IS CREATED TO READ AS FOLLOWS:

The reverse auction process shall not be used to procure architectural, engineering, or engineering-related services as described in KRS 45A.730; underwriter, bond counsel, or financial advisors as described in KRS 45A.850; or contracts for construction as described in KRS 45A.030 which are required to be bonded as described in KRS 45A.185 and 45A.190 or those projects which would require the preparation of stamped drawings.

Section 72. KRS 45A.190 is amended to read as follows:

- (1) As used in this section, "agency contract administrator" means the state agency employee responsible for the administration of a contract.
- (2) When a construction contract is awarded in an amount in excess of **forty thousand dollars (\$40,000)**~~[twenty five thousand dollars (\$25,000)]~~, the following bonds shall be furnished to the Commonwealth, and shall be binding on the parties upon the award of the contract:
 - (a) A performance bond satisfactory to the Commonwealth executed by a surety company authorized to do business in this Commonwealth, or otherwise supplied, satisfactory to the Commonwealth, in an amount equal to one hundred percent (100%) of the contract price as it may be increased; and
 - (b) A payment bond satisfactory to the Commonwealth executed by a surety

company authorized to do business in the Commonwealth, or otherwise supplied, satisfactory to the Commonwealth, for the protection of all persons supplying labor and material to the contractor or his subcontractors, for the performance of the work provided for in the contract. The bond shall be in an amount equal to one hundred percent (100%) of the original contract price.

- (3) When any contract in an amount in excess of forty thousand dollars (\$40,000)~~[twenty-five thousand dollars (\$25,000)]~~ for commodities, supplies, equipment, or services of any kind, or when a contract for construction services costing forty thousand dollars (\$40,000)~~[twenty-five thousand dollars (\$25,000)]~~ or less is proposed for presentation to vendors or contractors, the agency contract administrator shall evaluate whether a performance bond should be required in the procurement document, and make his recommendation to the purchasing agency. The agency contract administrator shall note the reason that a performance bond is or is not recommended and his notation shall be a part of the permanent record relating to the contract. If a performance bond is required, the requirement shall be included in the invitation to bid, request for proposal, or other procurement document. The agency contract administrator shall make audits of the performance of contracts upon completion of one-third (1/3) of the contract and upon completion of two-thirds (2/3) of the contract. For contracts taking longer than one (1) year to complete, audits of performance shall be conducted at least annually. Before a vendor is released from a performance bond, the agency contract administrator shall review the audits of performance, make a final performance review, and promptly determine whether, in his or her opinion, the vendor has fully complied with the terms of the contract. The opinion of the agency contract administrator shall be made in writing or electronically, set forth the reasons for his or her opinion regarding compliance or noncompliance, and be signed by the agency contract administrator. This opinion may have an electronic signature. The using agency

head shall, after consideration of the performance audits, the final performance review, and the opinion of the agency contract administrator regarding compliance or noncompliance, determine whether to recommend to the purchasing agency that the performance bond be released or whether a claim should be made against the performance bond. This determination of the using agency head shall be in writing, signed by the using agency head, and forwarded to the purchasing agency. This determination may have an electronic signature and be transmitted electronically. If the recommendation of the using agency is not followed by the purchasing agency, the purchasing agency shall place a statement in the file explaining why it is not followed.

- (4) Nothing in this section shall be construed to limit the authority of the Commonwealth to require a performance bond or other security in addition to those bonds, or in circumstances other than specified in subsection (2) or (3) of this section.

Section 73. KRS 45A.182 is amended to read as follows:

- (1) When a capital project is to be constructed utilizing the design-build method in accordance with KRS 45A.180, a process parallel to the selection committee procedures established in KRS 45A.810 shall apply when procuring a design-build team and shall incorporate the following:

(a) The evaluation process may include a multiple phased proposal that is based on qualifications, experience, technical requirements, guaranteed maximum price, and other criteria as set forth in the request for proposal. The guaranteed maximum price component shall be submitted by the offeror independently of other documents and shall be held by the director of the Division of Engineering and Contract~~[Contracting and]~~ Administration.

(b) Each evaluator shall independently score each phase and indicate a total score for all evaluation factors as set forth in the request for proposal.

- 1 (c) Final phase proposals from the offerors on the short list shall be evaluated and
 2 scored by the evaluation committee members who shall not have knowledge
 3 of the guaranteed maximum price component. Each evaluator shall
 4 independently score the final phase proposals and indicate a total score. A
 5 total average score shall be calculated for each offeror. Then each offeror's
 6 respective score for the guaranteed maximum price shall be added. The
 7 offeror with the highest point total in the final phase shall receive the contract
 8 award unless the guaranteed maximum price proposal is in excess of the
 9 authorized budget. If two (2) or more of the offerors achieve the same highest
 10 point total at the end of the final phase scoring, the purchasing officer shall
 11 request best-and-final proposals from each offeror.
- 12 (d) If the guaranteed maximum price of the offeror with the highest point total in
 13 the final phase is greater than the amount of funds identified in the request for
 14 proposal, then competitive negotiations may be conducted with the offerors
 15 under the following restrictions:
- 16 1. If discussion pertaining to the revision of the specifications or quantities
 17 are held, the offerors shall be afforded an opportunity to take part in
 18 such discussions.
 - 19 2. Written revisions of the specifications shall be made available to each of
 20 the offerors and shall provide for an expeditious response.
 - 21 3. Information derived from revised maximum guaranteed price proposals
 22 shall not be disclosed to competing offerors.
- 23 (2) A request for proposal or other solicitation may be canceled, or all proposals may be
 24 rejected, if it is determined in writing that such action is taken in the best interest of
 25 the Commonwealth and approved by the purchasing officer.
- 26 Section 74. KRS 45A.715 is amended to read as follows:
- 27 The Department of Revenue~~[Cabinet]~~ shall not enter into any personal service contract

1 for the collection of revenue for the state or for the prosecution of any action or
 2 proceeding for the collection of delinquent taxes owed by a resident and the assessment
 3 of omitted property owned by a resident.

4 Section 75. KRS 45A.840 is amended to read as follows:

5 As used in KRS 45A.840 to 45A.879, unless the context requires otherwise:

6 (1) "Bond counsel" means an attorney who provides legal counsel to a bond issuing
 7 agency with regard to bond issuance and provides an unqualified legal opinion to
 8 the agency with respect to validity and tax treatment;

9 (2) "Bond issuance" means the formulation, authorization, and issuance of bonds by a
 10 bond issuing agency;

11 (3) "Bond issuing agency" means the State Property and Buildings Commission,
 12 Kentucky Asset/Liability Commission, Turnpike Authority of Kentucky, Kentucky
 13 Housing Corporation, Kentucky Infrastructure Authority, Kentucky Higher
 14 Education Student Loan Corporation, Kentucky River Authority, Kentucky
 15 Agricultural Finance Corporation, Kentucky Local Correctional Facilities
 16 Construction Authority, School Facilities Construction Commission, Murray State
 17 University, Western Kentucky University, University of Louisville when it declines
 18 to exercise the authority granted under KRS 164A.585(1) and 164A.605, Northern
 19 Kentucky University, Kentucky State University, University of Kentucky when it
 20 declines to exercise the authority granted under KRS 164A.585(1) and 164A.605,
 21 Morehead State University, Eastern Kentucky University, the Kentucky Community
 22 and Technical College System for the Technical Institutions' Branch, and the
 23 University of Kentucky for the University of Kentucky Community College System;
 24 (4) "Bonds" means the revenue bonds, notes, or other debt obligations issued by a bond
 25 issuing agency;
 26 (5) "Executive director" means the executive director of the Office of Financial
 27 Management;

1 (6) "Office" means the Office of Financial Management established by Section 11 of
 2 this Act~~[KRS 42.400]~~;

3 (7) "Underwriter" means:

4 (a) The financial institution which structures and underwrites the bond issuing
 5 agency's issuance of bonds; or

6 (b) The financial advisor or fiscal agent which provides advice or services to the
 7 bond issuing agency with respect to the structure, timing, terms, or other
 8 matters concerning bond issuance;

9 (8) "Underwriter's counsel" means an attorney who provides legal counsel to an
 10 underwriter with respect to its work on behalf of a bond issuing agency.

11 Section 76. KRS 47.012 is amended to read as follows:

12 All moneys paid to the Department of Revenue~~[Cabinet]~~ under the provisions of KRS
 13 138.510 to 138.550 shall be deposited with the State Treasurer and be credited to the
 14 general expenditure fund.

15 Section 77. KRS 48.115 is amended to read as follows:

16 (1) Except as provided for in subsection (4) of this section, the detailed revenue
 17 estimates for the general fund and the road fund required by KRS 48.120 shall be
 18 based on a consensus revenue forecast. The consensus revenue forecast shall be
 19 developed by the consensus forecasting group. The members of the consensus
 20 forecasting group shall be jointly selected by the state budget director and the
 21 Legislative Research Commission. The members shall be knowledgeable about the
 22 state and national economy and the revenue and financial conditions of the
 23 Commonwealth.

24 (2) If, after the revenue estimates made as required under KRS 48.120, the Legislative
 25 Research Commission or state budget director determines that a revision to the
 26 revenue estimates is needed, the Legislative Research Commission or state budget
 27 director shall request a revision from the consensus forecasting group. The revised

1 revenue estimates shall become the official revenue estimates.

2 (3) The state budget director shall coordinate with the Department of Revenue~~]~~
3 ~~Cabinet]~~ and the Transportation Cabinet to ensure that the financial and revenue
4 data required for the forecasting process is made available to the consensus
5 forecasting group.

6 (4) Staff for the consensus forecasting group shall be provided by the Legislative
7 Research Commission.

8 Section 78. KRS 48.810 is amended to read as follows:

9 Each program cabinet, the Department for Local Government, the Department of Military
10 Affairs, and the Commonwealth Office of~~Governor's Office for]~~ Technology shall
11 develop and submit a four (4) year strategic plan to meet the broad goals outlined by the
12 Governor, and shall submit an electronic copy of the full plan and an electronic copy of a
13 brief summary of that plan to the state budget director, the secretary of the Executive
14 Cabinet, and the Legislative Research Commission with each biennial budget request.

15 (1) Each strategic plan shall include, but not be limited to:

- 16 (a) A statement of the cabinet or administrative entity's value, vision, and
17 mission;
- 18 (b) A statement of how the cabinet or administrative entity's strategic plan is
19 aligned with the Governor's goals and linked to the budget request and the six
20 (6) year capital plan of the cabinet or administrative entity;
- 21 (c) A brief summary of a situation analysis conducted by the program cabinet or
22 administrative entity;
- 23 (d) Identification of measurable goals for the next four (4) years;
- 24 (e) Specification of objectives to meet the stated goals;
- 25 (f) Identification of performance indicators to be used to measure progress
26 toward meeting goals and objectives; and
- 27 (g) A progress report providing data and information on the performance

1 indicators set forth in the program cabinet or administrative entity's most
2 recent strategic plan.

3 (2) On or before September 1 of each even-numbered fiscal year, program cabinets and
4 administrative entities which have submitted strategic plans in the previous fiscal
5 year shall submit a progress report to the office of the state budget director, or its
6 designee, which provides data and information regarding the progress the program
7 cabinet or entity has made toward meeting its goals as measured by performance
8 indicators set forth in the cabinet's or entity's most recent strategic plan.

9 (3) The state budget director shall designate an entity to develop and implement a
10 methodology for strategic planning and progress reporting for use by program
11 cabinets and administrative entities submitting strategic plans and progress reports
12 pursuant to this section. The entity designated by the state budget director shall
13 develop and make available a training course in strategic planning that is
14 appropriate for and targeted to state government managers, and shall make that
15 training course available to state managers and their designees who have
16 responsibility for the completion of a strategic plan as required by this section.

17 (4) The Commonwealth Office of ~~Governor's Office for~~ Technology shall maintain
18 uniform electronic strategic plan and progress report submission forms and a
19 procedure that allows all plans and progress reports to be entered into an electronic
20 database that is searchable by interested parties. The database shall be developed
21 and maintained in a form that complies with all provisions of KRS 48.950, 48.955,
22 and 48.960. The Commonwealth Office of ~~Governor's Office for~~ Technology shall
23 develop and maintain a program to provide public access to submitted plans and
24 progress reports.

25 Section 79. KRS 56.450 is amended to read as follows:

26 (1) There is recognized, as an independent agency of the state within the meaning of
27 KRS Chapter 12, and as a constituted authority of the Commonwealth of Kentucky,

1 a state and a sovereign entity within the meaning of regulations of the United States
 2 Department of the Treasury, Internal Revenue Service, a State Property and
 3 Buildings Commission composed of the Governor, who shall be chairman thereof,
 4 the Lieutenant Governor who shall be vice chairman of the commission, the
 5 Attorney General, the secretary of the Cabinet for Economic Development, and the
 6 secretary of the Finance and Administration Cabinet, ~~and the secretary of the~~
 7 ~~Revenue Cabinet,~~ or their alternates as authorized in subsection (5) of this section.

8 (2) No member of the commission shall receive any salary, fee, or other remuneration
 9 for his services as a member of the commission, but each member shall be entitled
 10 to be reimbursed for his ordinary traveling expenses, including meals and lodging,
 11 incurred in the performance of his duties.

12 (3) The commission shall constitute a public body corporate with perpetual succession
 13 and power in its name to contract and be contracted with, sue and be sued, adopt
 14 bylaws, have and use a corporate seal, and exercise all of the powers granted to
 15 private corporations generally in KRS Chapter 271B, except as that chapter may be
 16 inconsistent with KRS 56.440 to 56.550.

17 (4) Subject to the provisions of KRS 56.550, but notwithstanding any other provision
 18 of the Kentucky Revised Statutes to the contrary, all revenue bonds issued by state
 19 agencies, except as provided in this chapter (but not including bonds issued directly
 20 by and in the name of the Commonwealth of Kentucky under authorization of the
 21 executive cabinet), shall be issued under the provisions of this chapter. As an
 22 additional and alternative method for the issuance of revenue bonds under the
 23 provisions of this chapter, upon application of any state agency and approval by the
 24 commission, the commission acting for and on behalf of said state agency may issue
 25 revenue bonds in its own name, in accordance with the terms and provisions of
 26 KRS Chapter 58, secured by and payable solely from all or any part of the revenues
 27 of the state agency as may be specified and provided in the approved application.

1 Any covenants and undertakings of the state agency in the approved application
2 with regard to the production of revenues and the use, application, or disposition
3 thereof may be enforced by the holders of any of the revenue bonds or by any
4 trustee for such bondholders. The issuance of any revenue bonds for the state or any
5 of its agencies by or on behalf of the Kentucky Economic Development Finance
6 Authority and the issuance of any revenue bonds for economic development
7 projects authorized by Acts 1980, Ch. 109, shall require the prior approval of the
8 State Property and Buildings Commission. In issuing bonds under its own name, or
9 in approving issuance of bonds by other state agencies, the commission shall be
10 deemed to be acting for the state government of the Commonwealth of Kentucky as
11 one (1) unit within the meaning of the regulations of the United States Department
12 of the Treasury, Internal Revenue Service, and it shall be limited to the issuance of
13 bonds to accomplish the public purposes of that unit.

- 14 (5) (a) Each member of the commission may designate, by an instrument in writing
15 over his signature and filed with the secretary as a public record of the
16 commission, an alternate with full authority to attend in the absence of the
17 appointing member for any reason, any properly convened meeting of the
18 commission and to participate in the consideration of, and voting upon,
19 business and transactions of the commission. Any designation of an alternate
20 may, in the discretion of the appointing member, be limited upon the face of
21 the appointing instrument, to be effective only for a designated meeting or
22 only for specified business; or the same may be shown on the face of the
23 appointing instrument to be on a continuing basis (but in no case for a period
24 of more than four (4) years), whenever the appointing member is unable to
25 attend, but always subject to revocation by the appointing member in an
26 instrument of like formality, similarly filed with the secretary as a public
27 record of the commission. Any party transacting business with the

1 commission, or materially affected thereby, shall be entitled to accept and rely
2 upon a joint certificate of the secretary of the commission and any member of
3 the commission concerning the designation of any alternate, the time of
4 designation, the scope thereof, and if of a continuing nature, whether the same
5 has been revoked, and when; and the joint certificate shall be made and
6 delivered to any such party within a reasonable time after written request is
7 made therefor with acceptable identification of the business or transaction
8 referred, and of the requesting party's interest therein. Each alternate shall be a
9 person on the staff of the appointing member, or in the employ of his agency
10 or department of the government of the Commonwealth, as the case may be.

11 (b) Any four (4) members of the commission, or their alternates authorized under
12 paragraph (a) of this subsection, shall constitute a quorum and shall by
13 majority vote be authorized to transact any and all business of the
14 commission.

15 (c) The State Property and Buildings Commission is reconstituted as of October
16 1, 1976, with the powers herein provided.

17 Section 80. KRS 56.784 is amended to read as follows:

18 (1) The Finance and Administration Cabinet may implement the provisions of KRS
19 56.770 to 56.784 through the promulgation of administrative regulations pursuant to
20 KRS Chapter 13A.

21 (2) By July 15, 2002, the secretary of the Finance and Administration Cabinet shall
22 promulgate administrative regulations in accordance with the provisions of KRS
23 Chapter 13A establishing a process for procurement of energy savings performance
24 contracts, including required contract language. The following entities shall adhere
25 to these regulations when procuring services under a guaranteed energy savings
26 performance contract:

27 (a) Any governing body of a postsecondary institution that manages its capital

1 construction program under KRS 164A.580; or

2 (b) Any public corporation as defined by KRS 45.750(2)(c) or as created under
3 the Kentucky Revised Statutes as a governmental agency and instrumentality
4 of the Commonwealth that manages its capital construction program.

5 (3) All state agencies, including those identified in subsection (2) of this section, shall
6 submit proposed guaranteed energy savings performance contracts to the Office of
7 Financial Management within the Office of the Controller for review and approval
8 prior to contract execution.

9 (4) The secretary shall report all authorized guaranteed energy savings performance
10 contracts to the Capital Projects and Bond Oversight Committee for its review.

11 Section 81. KRS 56.813 is amended to read as follows:

12 (1) An agency may request that the Finance and Administration Cabinet provide
13 additional space in a building in which space is already leased by the state. If the
14 cabinet determines there is need for more space, the current lease may be amended,
15 with agreement of the lessor, to increase the leased space. However, the rental rate
16 paid for the additional space shall not exceed the square foot rental rate fixed by the
17 original lease. A lease may also be modified with agreement of the lessor to
18 decrease the number of square feet leased and the rent shall be appropriately
19 reduced.

20 (2) (a) When an agency occupying leased premises desires improvements in the
21 premises, the agency shall obtain the cabinet secretary's approval for the
22 improvements at an estimated cost before the lessor makes the improvements.

23 1. If the improvements cost more than one thousand dollars (\$1,000), the
24 agency shall obtain the cabinet secretary's approval for the rent increase
25 necessary to amortize the cost of the improvements in full over the life
26 of the lease. No other financing method shall be used.

27 2. If the improvements cost one thousand dollars (\$1,000) or less, the

1 agency shall obtain the cabinet secretary's approval for the dollar amount
 2 necessary to pay for the cost of the improvements at direct state expense
 3 or the rent increase necessary to amortize the cost of the improvements
 4 in full over a period of time which shall run no longer than the life of the
 5 lease. No other financing method shall be used. No improvement shall
 6 be artificially divided so as to qualify under the provisions of this
 7 subparagraph.

8 (b) Any rent increase necessary to amortize a cost pursuant to paragraph (a) of
 9 this subsection shall not extend beyond the period required to accomplish the
 10 agreed amortization.

11 (c) The cabinet secretary shall amend a lease to reflect a rent increase necessary to
 12 amortize a cost pursuant to paragraphs (a) and (b) of this subsection, and the
 13 amendment shall state that the rent increase is for the purpose of amortizing
 14 this cost.

15 (3) Any modification to an existing lease which is required because of an emergency as
 16 described at KRS 56.805(3) shall be made pursuant to KRS 56.805(3) and (4) and
 17 this section.

18 (4) The Division of Real Properties, within the Department for Facilities and Support
 19 Services~~[Management]~~, shall maintain a register of all proposed lease modifications
 20 which, if approved, will result in the payment of a square foot rate for the leased
 21 space which is greater than the square foot rate contained in the original lease. All
 22 such proposed modifications shall be filed and kept in the register for public
 23 inspection and comment for thirty (30) calendar days. Comments received from the
 24 public during the period shall be considered before the lease modification is
 25 executed by the parties and becomes binding against the Commonwealth. After
 26 receiving comments, if the secretary determines that the proposed modifications are
 27 not in the interest of the Commonwealth, he may require the agency to continue

operation in its present space or cancel the lease and seek more suitable space. The lessor, under any lease proposed to be modified as contemplated therein, shall be advised of the requirements of this subsection and cautioned that the Commonwealth shall have no liability for any action undertaken by the lessor in anticipation of, but prior to execution of, the modifications of the lease.

Section 82. KRS 56.8177 is amended to read as follows:

All built-to-suit lease agreements shall be reviewed by the Office of Financial Management within the Office of the Controller prior to execution on behalf of the Commonwealth by the secretary of the Finance and Administration Cabinet or on behalf of an institution in accordance with KRS 164A.630, and approved for form and legality by the Attorney General or an assistant attorney general, before they shall be binding against the Commonwealth. All the leases shall be lodged for record and recorded in the office of the county clerk of the county in which the leased property is located.

Section 83. KRS 56.819 is amended to read as follows:

- (1) When there is a change in ownership in leased premises, the new owner shall furnish the Division of Real Properties, within the Department for Facilities and Support Services~~[Management]~~, with a copy of the deed or other instrument of conveyance by which the new owner acquired title to the property or the right to payment under the lease and other evidence in support of his claim to the payment of rent under the lease the Division of Real Properties may request. The Commonwealth shall change its records and redirect its rent payments accordingly.
- (2) When the agency occupying leased premises or the Finance and Administration Cabinet receives information that a change in ownership has occurred, payments of rent shall be suspended until the Division of Real Properties learns the ownership of the premises and determines who is entitled to the rent.

Section 84. KRS 56.861 is amended to read as follows:

- (1) There is recognized as an independent agency of the state within the meaning of

KRS Chapter 12, and as a constituted authority of the Commonwealth of Kentucky, a state and a sovereign entity within the meaning of regulations of the United States Department of Treasury, Internal Revenue Service, a Kentucky Asset/Liability Commission composed of the secretary of the Finance and Administration Cabinet, who shall be chair; the Attorney General; the State Treasurer;~~[- the secretary of the Revenue Cabinet;]~~ and the state budget director, or their alternates as authorized in KRS 56.865. The vice chair shall be elected from among the membership.

(2) Any three (3) members of the commission, or their alternates, shall constitute a quorum and shall by a majority vote be authorized to transact any and all business of the commission.

(3) No member shall receive any salary, fee, or other remuneration for services as a member of the commission, but each shall be entitled to reimbursement for ordinary traveling expenses, including meals and lodging, incurred in the performance of the member's duties.

(4) The commission shall constitute a public body corporate with perpetual succession and power in name to contract and be contracted with, sue and be sued, adopt bylaws not inconsistent with KRS 56.860 to 56.869, have and use a corporate seal, and exercise all of the powers granted private corporations generally in KRS Chapter 271B, except as the same may be inconsistent with KRS 56.860 to 56.869.

(5) The selection of bond counsel, senior managing underwriter, or financial advisor to the commission shall be subject to the provisions of KRS 45A.840 to 45A.879.

(6) Notes issued pursuant to KRS 56.860 to 56.869 may be sold on a competitive or negotiated sale basis.

Section 85. KRS 56.862 is amended to read as follows:

The Office of Financial Management *within the Office of the Controller* shall serve as staff to the commission. The executive director of the Office of Financial Management shall serve as secretary to the commission. The commission shall coordinate with the

1 Office of the Controller to ensure that the necessary financial data is made available.

2 Section 86. KRS 56.863 is amended to read as follows:

3 The commission shall have the power and duty to:

- 4 (1) Maintain the records and perform the functions necessary and proper to accomplish
5 the purposes of KRS 56.860 to 56.869;
- 6 (2) Promulgate administrative regulations relating to KRS 56.860 to 56.869;
- 7 (3) Conduct analysis to determine the impact of fluctuating receipts of revenues on the
8 budget of the Commonwealth, fluctuating interest rates upon the interest-sensitive
9 assets and interest-sensitive liabilities of the Commonwealth, and the resulting
10 change in the net interest margin on the budget of the Commonwealth;
- 11 (4) Develop strategies to mitigate the impact of fluctuating receipts of revenues on the
12 budget of the Commonwealth and of fluctuating interest rates on the
13 Commonwealth's interest-sensitive assets and interest-sensitive liabilities;
- 14 (5) Report its findings to the State Investment Commission at least annually to assist
15 the State Investment Commission in developing and implementing its investment
16 strategy. The State Investment Commission shall provide the commission with a
17 copy of its monthly investment income report to aid the commission in developing
18 and implementing its strategies;
- 19 (6) Issue funding notes, project notes, and tax and revenue anticipation notes or other
20 obligations on behalf of any state agency to fund authorized projects or to satisfy
21 judgments;
- 22 (7) Refund any funding notes, project notes, or tax and revenue anticipation notes
23 issued under KRS 56.860 to 56.869 to achieve economic savings, to better match
24 receipts with expenditures, or as a part of a continuing finance program;
- 25 (8) Designate individual employees or officers of the Office of Financial Management
26 within the Office of the Controller as agents for purposes of approving the
27 principal amount of tax and revenue anticipation notes, the interest rate, the

1 discount, maturity date, and other relevant terms of tax and revenue anticipation
 2 notes, project notes, and funding notes or refunding notes issued within constraints
 3 established by the commission and to execute agreements, including notes and
 4 financial agreements, for the commission;

5 (9) Enter into financial agreements for the purpose of hedging its current or projected
 6 interest-sensitive assets and interest-sensitive liabilities to stabilize the
 7 Commonwealth's net interest margin, as deemed necessary by the commission,
 8 subject to administrative regulations promulgated by the commission that limit the
 9 net exposure of the Commonwealth as a result of these financial agreements;

10 (10) Deposit net interest payments and premiums received by the commission under
 11 financial agreements into a restricted account, which shall not lapse at the end of the
 12 fiscal year but shall continue to accumulate to act as security for these financial
 13 agreements. This duty is mandatory in nature. Any accumulated funds in excess of
 14 the amount determined by the commission to be necessary to establish this security
 15 may be applied to debt service payments, net interest payments, and premiums and
 16 expenses related to interest-sensitive liabilities; and

17 (11) Report to the Capital Projects and Bond Oversight Committee and the Interim Joint
 18 Committee on Appropriations and Revenue on a semiannual basis, by September 30
 19 and March 31 of each year, the following:

20 (a) A description of the Commonwealth's investment and debt structure;

21 (b) The plan developed to mitigate the impact of fluctuating revenue receipts on
 22 the budget of the Commonwealth and fluctuating interest rates on the interest-
 23 sensitive assets and interest-sensitive liabilities of the Commonwealth,
 24 including an analysis of the impact that a change in the net interest margin
 25 would have on the budget of the Commonwealth. The report due by March 31
 26 of each year shall reflect the strategy for January through June of the fiscal
 27 year, and the report due by September 30 shall reflect the strategy for July

1 through December of the fiscal year;

2 (c) The principal amount of notes issued, redeemed, and outstanding; and a
3 description of all financial agreements entered into during the reporting
4 period. The report due by March 31 shall include information about
5 agreements entered into from July through December of the fiscal year. The
6 report due by September 30 shall include information about agreements
7 entered into between January and June of the prior fiscal year; and

8 (d) A summary of gains and losses associated with financial agreements and any
9 other cash flow strategies undertaken by the commission to mitigate the effect
10 of fluctuating interest rates during each reporting period. The report due by
11 March 31 shall include information about agreements and strategies entered
12 into or undertaken from July through December of the fiscal year. The report
13 due by September 30 shall include information about agreements and
14 strategies entered into or undertaken from January through June of the prior
15 fiscal year.

16 Section 87. KRS 61.420 is amended to read as follows:

17 For the purpose of KRS 61.410 to 61.500:

18 (1) "Wages" means all remuneration for employment as defined in subsection (2) of
19 this section, including the cash value of all remuneration paid in any medium other
20 than cash, except that the term shall not include that part of the remuneration which,
21 even if it were for "employment" within the meaning of Federal Insurance
22 Contributions Act, would not constitute "wages" within the meaning of that act;

23 (2) "Employment" means any service performed by an employee in the employ of the
24 Commonwealth, a political subdivision, or an interstate instrumentality, for those
25 employers, except (a) service of an emergency nature, (b) service which in the
26 absence of an agreement entered into under KRS 61.410 to 61.500 would constitute
27 "employment" as defined in the Social Security Act, or (c) service which under the

1 Social Security Act may not be included in any agreement between the
 2 Commonwealth and the commissioner entered into under KRS 61.410 to 61.500;
 3 except that service, the compensation for which is on a fee basis, may be excluded
 4 in any plan approved under KRS 61.410 to 61.500, and provided also, that service
 5 in any class or classes of positions, the exclusion of which is permitted under the
 6 Social Security Act, may be excluded in any plan approved under KRS 61.460;

7 (3) "Employee" means any person in the service of the Commonwealth, a political
 8 subdivision, or an interstate instrumentality of which the Commonwealth is a
 9 principal and shall include all persons designated officers including those which are
 10 elected and those which are appointed;

11 (4) "State agency" means the Division of Local Government Services~~[Social Security]~~,
 12 Office of the Controller, which agency shall be subject to the authority of the
 13 secretary of finance and administration;

14 (5) "Political subdivision," in addition to counties, municipal corporations, and school
 15 districts, includes instrumentalities of the Commonwealth, of one (1) or more of its
 16 political subdivisions, or of the Commonwealth and one (1) or more of its political
 17 subdivisions, and any other governmental unit thereof;

18 (6) "Social Security Act" means the Act of Congress approved August 14, 1935,
 19 Chapter 531, 49 Stat. 620, officially cited as the "Social Security Act," including
 20 regulations and requirements issued pursuant thereto, as that act has been and may
 21 from time to time be amended;

22 (7) "Federal Insurance Contributions Act" means subchapters A, B, and C of Chapter
 23 21 of the Federal Internal Revenue Code and all amendments thereto;

24 (8) "Commissioner" means the Commissioner of Social Security and includes any
 25 individual to whom the commissioner may delegate any of the commissioner's
 26 functions under the Social Security Act; and, with respect to any transactions
 27 regarding insurance coverage occurring prior to April 11, 1953, includes the federal

1 security administrator and any individual to whom the administrator may have
2 delegated any of the administrator's functions under the Social Security Act; and,
3 with respect to any transactions regarding insurance coverage occurring from April
4 11, 1953, to March 30, 1995, includes the Secretary of Health and Human Services
5 and any individual to whom the secretary may have delegated any of the secretary's
6 functions under the Social Security Act;

- 7 (9) "Insurance coverage" means coverage by the old-age, survivors, disability, and
8 hospital insurance provisions of the Social Security Act.

9 Section 88. KRS 62.055 is amended to read as follows:

- 10 (1) Every county clerk, before entering on the duties of his office, shall execute bond to
11 the Commonwealth, with corporate surety authorized and qualified to become
12 surety on bonds in this state. Any county clerk holding office as of January 1, 1978,
13 who has not executed bond as provided herein shall do so within thirty (30) days
14 from February 9, 1978.

- 15 (2) In counties containing a consolidated local government or a city of the first class,
16 the amount of the county clerk's bond shall be at least five hundred thousand dollars
17 (\$500,000). In counties containing a city of the second class but not containing
18 consolidated local governments and in counties containing an urban-county form of
19 government, the amount of county clerk's bond shall be at least four hundred
20 thousand dollars (\$400,000). In counties containing a city of the third class but not a
21 city of the first or second class, a consolidated local government, or an urban-county
22 form of government, the amount of the county clerk's bond shall be at least one
23 hundred thousand dollars (\$100,000). In counties containing a city of the fourth or
24 fifth class, but not a city of the first, second, or third class, a consolidated local
25 government, or an urban-county form of government, the amount of the county
26 clerk's bond shall be at least seventy-five thousand dollars (\$75,000). In counties
27 containing a city of the sixth class, but not a city of the first, second, third, fourth, or

1 fifth class, a consolidated local government, or an urban-county form of
 2 government, the amount of the county clerk's bond shall be at least fifty thousand
 3 dollars (\$50,000).

4 (3) The bond of the county clerk shall be examined and approved by the fiscal court,
 5 which shall record the approval in its minutes. The fiscal court shall record the bond
 6 in the county clerk's records and a copy of the bond shall be transmitted within one
 7 (1) month to the Department of Revenue~~[Cabinet]~~, where it shall be recorded and
 8 preserved. Except in those counties where the fees of the county clerk are paid into
 9 the State Treasury, the premium on the county clerk's bond shall be paid by the
 10 county.

11 (4) Where circumstances in a particular county indicate that the amount of the bond
 12 may not be sufficient, the Department of Revenue~~[Cabinet]~~ may request the fiscal
 13 court to increase the bond as provided in KRS 62.060. The fiscal court shall then
 14 require a bond of sufficient amount to safeguard the Commonwealth.

15 Section 89. KRS 65.680 is amended to read as follows:

16 As used in KRS 65.680 to 65.699:

17 (1) "Activation date" means the date established in the grant contract at any time in a
 18 two (2) year period after the date of approval of the grant contract by the economic
 19 development authority or the tourism development authority, as appropriate. The
 20 economic development authority or tourism development authority, as appropriate,
 21 may extend this two (2) year period to no more than four (4) years upon written
 22 application of the agency requesting the extension. To implement the activation
 23 date, the agency who is a party to the grant contract shall notify the economic
 24 development authority or the tourism development authority, as appropriate, the
 25 Department of Revenue~~[Cabinet]~~, and other taxing districts that are parties to the
 26 grant contract when the implementation of the increment authorized in the grant
 27 contract shall occur;

- 1 (2) "Agency" means an urban renewal and community development agency established
2 under KRS Chapter 99; a development authority established under KRS Chapter 99;
3 a nonprofit corporation established under KRS Chapter 58; an air board established
4 under KRS 183.132 to 183.160; a local industrial development authority established
5 under KRS 154.50-301 to 154.50-346; a riverport authority established under KRS
6 65.510 to 65.650; or a designated department, division, or office of a city or county;
- 7 (3) "Assessment" means the job development assessment fee authorized by KRS
8 65.6851, which the governing body may elect to impose throughout the
9 development area;
- 10 (4) "Brownfield site" means real property, the expansion, redevelopment, or reuse of
11 which may be complicated by the presence or potential presence of a hazardous
12 substance, pollutant, or contaminant;
- 13 (5) "City" means any city, consolidated local government, or urban-county;
- 14 (6) "Commencement date" means the date a development area is established, as
15 provided in the ordinance creating the development area;
- 16 (7) "Commonwealth" means the Commonwealth of Kentucky;
- 17 (8) "County" means any county, consolidated local government, or charter county;
- 18 (9) "CPI" means the nonseasonally adjusted Consumer Price Index for all urban
19 consumers, all items (base year computed for 1982 to 1984 equals one hundred
20 (100)), published by the United States Department of Labor, Bureau of Labor
21 Statistics;
- 22 (10) "Debt charges" means the principal, including any mandatory sinking fund deposits,
23 interest, and any redemption premium, payable on increment bonds as the payments
24 come due and are payable and any charges related to the payment of the foregoing;
- 25 (11) "Development area" means a contiguous geographic area, which may be within one
26 (1) or more cities or counties, defined and created for economic development
27 purposes by an ordinance of a city or county in which one (1) or more projects are

1 proposed to be located, except that for any development area for which increments
2 are to include revenues from the Commonwealth, the contiguous geographic area
3 shall satisfy the requirements of KRS 65.6971 or 65.6972;

4 (12) "Economic development authority" means the Kentucky Economic Development
5 Finance Authority as created in KRS 154.20-010;

6 (13) "Enterprise Zone" means an area designated by the Enterprise Zone Authority of
7 Kentucky to be eligible for the benefits of KRS 154.45-010 to 154.45-110;

8 (14) "Governing body" means the body possessing legislative authority in a city or
9 county;

10 (15) "Grant contract" means:

11 (a) That agreement with respect to a development area established under KRS
12 65.686, by and among an agency and one (1) or more taxing districts other
13 than the Commonwealth, by which a taxing district permits the payment to an
14 agency of an amount equal to a portion of increments other than revenues
15 from the Commonwealth received by it in return for the benefits accruing to
16 the taxing district by reason of one (1) or more projects in a development area;
17 or

18 (b) That agreement, including with respect to a development area satisfying the
19 requirements of KRS 65.6971 or 65.6972, a master agreement and addenda to
20 the master agreement, by and among an agency, one (1) or more taxing
21 districts, and the economic development authority or the tourism development
22 authority, as appropriate, by which a taxing district permits the payment to an
23 agency of an amount equal to a portion of increments received by it in return
24 for the benefits accruing to the taxing district by reason of one (1) or more
25 projects in a development area;

26 (16) "Increment bonds" means bonds and notes issued for the purpose of paying the costs
27 of one (1) or more projects in a development area, the payment of which is secured

1 solely by a pledge of increments or by a pledge of increments and other sources of
2 payment that are otherwise permitted by law to be pledged or used as a source of
3 payment of the bonds or notes;

4 (17) "Increments" means the amount of revenues received by any taxing district,
5 determined by subtracting the amount of old revenues from the amount of new
6 revenues in the calendar year with respect to a development area and for which the
7 taxing district or districts and the agency have agreed upon under the terms of a
8 grant contract;

9 (18) "Infrastructure development" means the acquisition of real estate within a
10 development area meeting the requirements of KRS 65.6971 and the construction or
11 improvement, within a development area meeting the requirements of KRS
12 65.6971, of roads and facilities necessary or desirable for improvements of the real
13 estate, including surveys; site tests and inspections; environmental remediation;
14 subsurface site work; excavation; removal of structures, roadways, cemeteries, and
15 other underground and surface obstructions; filling, grading, and provision of
16 drainage, storm water retention, installation of utilities such as water, sewer, sewage
17 treatment, gas, and electricity, communications, and similar facilities; and utility
18 extensions to the boundaries of the development area meeting the requirements of
19 KRS 65.6971;

20 (19) "Issuer" means a city, county, or an agency issuing increment bonds;

21 (20) "New revenues" means the amount of revenues received with respect to a
22 development area in any calendar year after the activation date for a development
23 area:

24 (a) Established under KRS 65.686, the ad valorem taxes other than the school and
25 fire district portions of the ad valorem taxes received from real property
26 generated from the development area and properties sold within the
27 development area, and occupational license fees not otherwise used as a credit

1 against an assessment, and all or a portion of assessments as determined by
2 the governing body; or

3 (b) Satisfying the requirements of KRS 65.6971, the ad valorem taxes other than
4 the school and fire district portions of the ad valorem taxes received from real
5 property generated from the development area and properties sold within the
6 development area; or

7 (c) Satisfying the requirements of KRS 65.6972, the ad valorem taxes, other than
8 the school and fire district portions of the ad valorem taxes, received from real
9 property, Kentucky individual income tax, Kentucky sales and use taxes, local
10 insurance premium taxes, occupational license fees, or other such state taxes
11 as may be determined by the Department of Revenue~~[-Cabinet]~~ to be
12 applicable to the project and specified in the grant contract, generated from the
13 primary project entity within the development area minus relocation revenue;

14 (21) "Old revenues" means the amount of revenues received with respect to a
15 development area:

16 (a) Established under KRS 65.686, in the last calendar year prior to the
17 commencement date for the development area, revenues which constitute ad
18 valorem taxes other than the school and fire district portions of ad valorem
19 taxes received from real property in the development area and occupational
20 license fees generated from the development area; or

21 (b) Satisfying the requirements of KRS 65.6971, in the last calendar year prior to
22 the commencement date for the development area, revenues which constitute
23 ad valorem taxes other than the school and fire district portions of ad valorem
24 taxes received from real property in the development area; or

25 (c) Satisfying the requirements of KRS 65.6972, in the period of no longer than
26 three (3) calendar years prior to the commencement date, the average as
27 determined by the Department of Revenue~~[-Cabinet]~~ to be a fair

1 representation of revenues derived from ad valorem taxes, other than the
 2 school and fire district portions of ad valorem taxes, from real property in the
 3 development area, and Kentucky individual income tax, Kentucky sales and
 4 use taxes, local insurance premium taxes, occupational license fees, and other
 5 such state taxes as may be determined by the Department of Revenue~~{~~
 6 ~~Cabinet}~~ as specified in the grant contract generated from the development
 7 area. With respect to this paragraph, if the development area was within an
 8 active enterprise zone for the period used by the Department of Revenue~~{~~
 9 ~~Cabinet}~~ for measuring old revenues, then the calculation of old revenues shall
 10 include the amounts of ad valorem taxes, other than the school and fire district
 11 portions of ad valorem taxes, that would have been generated from real
 12 property, Kentucky individual income tax, Kentucky sales and use taxes, local
 13 insurance premium taxes, occupational license fees, and other such state taxes
 14 as may be determined by the Department of Revenue~~{ Cabinet}~~ as specified in
 15 the grant contract, were the development area not within an active enterprise
 16 zone. With respect to this paragraph, if the primary project entity generated
 17 old revenue prior to the commencement date in the development area or
 18 revenues were derived from the development area prior to the commencement
 19 date of the development area, then revenues shall increase each calendar year
 20 by the percentage increase of the consumer price index, if any;

21 (22) "Outstanding" means increment bonds that have been issued, delivered, and paid
 22 for, except any of the following:

- 23 (a) Increment bonds canceled upon surrender, exchange, or transfer, or upon
 24 payment or redemption;
- 25 (b) Increment bonds in replacement of which or in exchange for which other
 26 bonds have been issued; or
- 27 (c) Increment bonds for the payment, or redemption or purchase for cancellation

1 prior to maturity, of which sufficient moneys or investments, in accordance
 2 with the ordinance or other proceedings or any applicable law, by mandatory
 3 sinking fund redemption requirements, or otherwise, have been deposited, and
 4 credited in a sinking fund or with a trustee or paying or escrow agent, whether
 5 at or prior to their maturity or redemption, and, in the case of increment bonds
 6 to be redeemed prior to their stated maturity, notice of redemption has been
 7 given or satisfactory arrangements have been made for giving notice of that
 8 redemption, or waiver of that notice by or on behalf of the affected bond
 9 holders has been filed with the issuer or its agent;

10 (23) "Primary project entity" means the entity responsible for control, ownership, and
 11 operation of the project within a development area satisfying the requirements of
 12 KRS 65.6972 which generates the greatest amount of new revenues or, in the case
 13 of a proposed development area satisfying the requirements of KRS 65.6972, is
 14 expected to generate the greatest amount of new revenues;

15 (24) "Project" means, for purposes of a development area:

- 16 (a) Established under KRS 65.686, any property, asset, or improvement certified
 17 by the governing body, which certification is conclusive as:
- 18 1. Being for a public purpose;
 - 19 2. Being for the development of facilities for residential, commercial,
 20 industrial, public, recreational, or other uses, or for open space, or any
 21 combination thereof, which is determined by the governing body
 22 establishing the development areas as contributing to economic
 23 development;
 - 24 3. Being in or related to a development area; and
 - 25 4. Having an estimated life or period of usefulness of one (1) year or more,
 26 including but not limited to real estate, buildings, personal property,
 27 equipment, furnishings, and site improvements and reconstruction,

- 1 rehabilitation, renovation, installation, improvement, enlargement, and
 2 extension of property, assets, or improvements so certified as having an
 3 estimated life or period of usefulness of one (1) year or more;
- 4 (b) Satisfying the requirements of KRS 65.6971; an economic development
 5 project defined under KRS 154.22-010, 154.24-010, or 154.28-010; or a
 6 tourism attraction project defined under KRS 148.851; or
- 7 (c) Satisfying the requirements of KRS 65.6972, the development of facilities for:
- 8 1. The transportation of goods or persons by air, ground, water, or rail;
- 9 2. The transmission or utilization of information through fiber-optic cable
 10 or other advanced means;
- 11 3. Commercial, industrial, recreational, tourism attraction, or educational
 12 uses; or
- 13 4. Any combination thereof;
- 14 (25) "Relocation revenue" means the ad valorem taxes, other than the school and fire
 15 district portions of ad valorem taxes, from real property, Kentucky individual
 16 income tax, Kentucky sales and use taxes, local insurance premium taxes,
 17 occupational license fees, and other such state taxes as specified in the grant
 18 contract, received by a taxing district attributable to that portion of the existing
 19 operations of the primary project entity located in the Commonwealth and
 20 relocating to the development area satisfying the requirements of KRS 65.6972;
- 21 (26) "Special fund" means a special fund created in accordance with KRS 65.688 into
 22 which increments are to be deposited;
- 23 (27) "Taxing district" means a city, county, or other taxing district that encompasses all
 24 or part of a development area, or the Commonwealth, but does not mean a school
 25 district or fire district;
- 26 (28) "Termination date" means the date on which a development area shall cease to
 27 exist, which for purposes of a development area:

- 1 (a) Established under KRS 65.686, shall be for a period of no longer than twenty
 2 (20) years from the commencement date and set forth in the grant contract.
 3 Increment bonds shall not mature on a date beyond the termination date
 4 established by this paragraph; or
- 5 (b) Satisfying the requirements of KRS 65.6971, shall be for a period of no longer
 6 than twenty (20) years from the commencement date and set forth in the grant
 7 contract constituting a master agreement, except that for an addendum added
 8 to the master agreement for each project in the development area, the
 9 termination date may be extended to no longer than twenty (20) years from the
 10 date of each addendum; or
- 11 (c) Satisfying the requirements of KRS 65.6972, shall be for a period of no longer
 12 than twenty (20) years from the activation date of the grant contract.
 13 Increment bonds shall not mature on a date beyond the termination date
 14 established by this subsection;

15 (29) "Tourism development authority" means the Tourism Development Finance
 16 Authority as created in KRS 148.850; and

17 (30) "Project costs" mean the total private and public capital costs of a project.

18 Section 90. KRS 65.6971 is amended to read as follows:

- 19 (1) A city, county, or agency shall submit an application to the Cabinet for Economic
 20 Development for approval of a development area for infrastructure development
 21 which includes revenues from the Commonwealth, the standards for which the
 22 Cabinet for Economic Development and the Tourism Development Cabinet shall
 23 establish through their operating procedures or by the promulgation of
 24 administrative regulations in accordance with KRS Chapter 13A. The Cabinet for
 25 Economic Development shall determine whether the development area described in
 26 the application constitutes a project of the type described in this section. The
 27 Cabinet for Economic Development, upon its determination, shall assign the

1 application to the economic development authority or the tourism development
2 authority, as appropriate, for further consideration and approval.

3 (2) A development area for purposes of infrastructure development shall:

4 (a) 1. Consist of at least fifty (50) acres of undeveloped land, unless approved
5 otherwise by the economic development authority or the tourism
6 development authority in consideration of the geography of the area; or

7 2. Consist of at least one (1) acre constituting a brownfield site; and

8 (b) 1. In the case of an economic development project, be under the control of,
9 owned by, and operated by an agency at the commencement date; or

10 2. In the case of a tourism attraction project, be under the control of, leased
11 by, owned by, or operated by an agency at the commencement date.

12 (3) With respect to each city, county, or agency that applies to the economic
13 development authority or the tourism development authority for approval of a
14 development area for infrastructure development, the economic development
15 authority or the tourism development authority shall request materials and make all
16 inquiries concerning the application the economic development authority or the
17 tourism development authority deems necessary. Upon review of the application
18 and requested materials, and completion of inquiries, the economic development
19 authority or the tourism development authority may grant approval for:

20 (a) The development area for infrastructure development;

21 (b) Each project for which an application has been submitted to be located in the
22 development area for infrastructure development, provided that each project
23 approved for location in the development area for infrastructure development
24 meets the criteria necessary in order to qualify for inducements under
25 subchapters 22, 24, or 28 of KRS Chapter 154, or satisfies the requirements of
26 a tourism development attraction defined under KRS 148.851;

27 (c) The percentage of the Commonwealth's portion of the increment that the

1 Commonwealth agrees to distribute to the agency each year during the term of
2 the grant contract;

3 (d) The maximum amount of costs for infrastructure development for which the
4 increment may be distributed to the agency; and

5 (e) The master agreement constituting a grant contract and any addendum for
6 each project approved for location in the development area for infrastructure
7 development.

8 (4) Prior to any approval by the economic development authority or the tourism
9 development authority, the economic development authority or the tourism
10 development authority shall have received an ordinance adopted by the city or
11 county creating the development area and establishing the percentage of increment
12 that the city and county are distributing each year to the agency for use in the
13 infrastructure development of the development area for which economic
14 development authority or the tourism development authority approval is sought. The
15 economic development authority or the tourism development authority shall not
16 approve a percentage of the Commonwealth's portion of the increment to be
17 distributed to the agency each calendar year with respect to a development area for
18 infrastructure development greater than the percentage approved by the city or
19 county creating the development area.

20 (5) The maximum amount of increment available for development areas for
21 infrastructure development is one hundred percent (100%).

22 (6) The terms and conditions of each grant contract, including the master agreement
23 constituting a grant contract and any addenda, are subject to negotiations between
24 the economic development authority or the tourism development authority and the
25 other parties to the grant contract. The grant contract shall include but not be limited
26 to the following provisions: the activation date, the taxes to be included in the
27 calculation of the increment, the percentage increment to be contributed by each

1 taxing district, the maximum amount of infrastructure development costs, a
 2 description of the development area, the termination date, subject to extension
 3 through each addendum, and the requirement of the agency to annually certify to the
 4 economic development authority or the tourism development authority as to the use
 5 of the increment for payment of infrastructure development costs.

6 (7) (a) Any agency that enters into a grant contract for the release of any increments
 7 that may arise during the period of a grant contract shall, after each calendar
 8 year a grant contract is in effect, notify each taxing district obligated under the
 9 grant contract that an increment is due, and, in consultation with each taxing
 10 district, determine the respective portion of the total increment due from each
 11 taxing district. The agency shall then present the total increment due from the
 12 Commonwealth under the grant contract to the Department of Revenue~~Cabinet~~
 13 for certification.

14 1. Upon notice from the agency, each taxing district obligated under the
 15 grant contract, other than the Commonwealth, shall release to the agency
 16 the respective portion of the total increment due under the grant contract.
 17 The agency shall certify to the Department of Revenue~~Cabinet~~ on a
 18 calendar year basis the amount of the increment collected.

19 2. Upon certification of the total increment due from the Commonwealth
 20 by the Department of Revenue~~Cabinet~~, the department~~Cabinet~~ is
 21 authorized and directed to transfer the increment to a tax increment
 22 financing account established and administered by the Finance and
 23 Administration Cabinet for payment of the Commonwealth's portion of
 24 the increment. Prior to disbursement by the Finance and Administration
 25 Cabinet of the funds from the tax increment financing account, the
 26 economic development authority or the tourism development authority
 27 shall notify the Finance and Administration Cabinet that the agency is in

1 compliance with the terms of the grant contract. Upon notification, the
 2 Finance and Administration Cabinet is authorized and directed to release
 3 to the agency the Commonwealth's portion of the total increment due
 4 under the grant contract.

5 (b) The Department of Revenue~~[-Cabinet]~~ shall report to the economic
 6 development authority or the tourism development authority on a calendar
 7 year basis the amount of the total increment released to an agency.

8 (8) The Department of Revenue~~[-Cabinet]~~ shall have the authority to establish
 9 operating procedures for the administration and determination of the
 10 Commonwealth's increment.

11 (9) The Department of Revenue~~[-Cabinet]~~ or agency shall have no obligation to refund
 12 or otherwise return any of the increment to the taxpayer from whom the increment
 13 arose or is attributable. Further, no additional increment resulting from audit,
 14 amended returns or other activity for any period shall be transferred to the tax
 15 increment financing account after the initial release to the agency of the
 16 Commonwealth's increment for that period.

17 Section 91. KRS 65.6972 is amended to read as follows:

18 (1) A city, county, or agency shall submit an application to the Cabinet for Economic
 19 Development for approval of a development area, which includes revenues from the
 20 Commonwealth, and the related project, the standards for which the Cabinet for
 21 Economic Development and the Tourism Development Cabinet shall establish
 22 through their operating procedures or by the promulgation of administrative
 23 regulations in accordance with KRS Chapter 13A. The Cabinet for Economic
 24 Development shall determine whether the development area and related project
 25 described in the application constitutes a project of the type described in KRS
 26 Chapter 154 for which the economic development authority shall have the right to
 27 approve the development area and related project or KRS Chapter 148 for which the

1 tourism development authority shall have the right to approve the development area
2 and related project. The Cabinet for Economic Development, upon its
3 determination, shall assign the application to the economic development authority
4 or the tourism development authority, as appropriate, for further consideration and
5 approval.

6 (2) A project otherwise satisfying the requirements of the project as defined in KRS
7 65.680, in order to qualify the project and related development area, in addition
8 shall satisfy all of the following requirements for a project:

- 9 (a) Represent new economic activity in the Commonwealth;
- 10 (b) Result in a minimum capital investment of ten million dollars (\$10,000,000);
- 11 (c) Result in the creation of a minimum of twenty-five (25) new full-time jobs for
12 Kentucky residents to be held by persons subject to the personal income tax of
13 the Commonwealth within two (2) years of the date of the final resolution
14 authorizing the development area and the project;
- 15 (d) Result in a net positive economic impact to the economy of the
16 Commonwealth, taking into consideration any substantial adverse impact on
17 existing Commonwealth businesses;
- 18 (e) Generate a minimum of twenty-five percent (25%) of the total revenues
19 derived from the project attributable to sources outside of the Commonwealth
20 during each year a grant contract is in effect;
- 21 (f) Result in a unique contribution to or preservation of the economic vitality and
22 quality of life of a region of the Commonwealth; and
- 23 (g) Not be primarily devoted to the retail sale of goods.

24 (3) After assignment of the application for the project and related development area by
25 the Cabinet for Economic Development:

- 26 (a) The economic development authority or the tourism development authority, as
27 appropriate, shall engage the services of a qualified independent consultant to

1 analyze data related to the project and the development area, who shall
 2 prepare a report for the economic development authority or the tourism
 3 development authority, as appropriate, with the following findings:

- 4 1. The percentage of revenues derived from the development area which
 5 are generated from business not located in the Commonwealth;
- 6 2. The estimated amount of increment the development area is expected to
 7 generate over a twenty (20) year period from the projected activation
 8 date;
- 9 3. The estimated amount of ad valorem taxes, other than the school or fire
 10 district portion of ad valorem taxes, from real property, Kentucky
 11 individual income tax, Kentucky sales and use taxes, local insurance
 12 premium taxes, occupational license fees, or other such state taxes
 13 which would be displaced within the Commonwealth, to reflect
 14 economic activity which is being shifted over the twenty (20) year
 15 period;
- 16 4. The estimated increment the development area is expected to generate
 17 over the twenty (20) year period, equal to the estimated amount set forth
 18 in paragraph (a)2. of this subsection minus the estimated amount set
 19 forth in paragraph (a)3. of this subsection; and
- 20 5. The project or development area will not occur if not for the designation
 21 of the development area and granting of increments by the
 22 Commonwealth to the development area.

- 23 (b) The independent consultant shall consult with the economic development
 24 authority or the tourism development authority, as appropriate, the Office of
 25 State Budget Director and[,] the Finance and Administration Cabinet[, and the
 26 Revenue Cabinet] in the development of the report. The Office of State
 27 Budget Director and[,] the Finance and Administration Cabinet[, and the

1 ~~Revenue Cabinet~~] shall agree as to methodology to be used and assumptions
 2 to be made by the independent consultant in preparing its report. On the basis
 3 of the independent consultant's report and prior to any approval of a project
 4 by the economic development authority or the tourism development authority,
 5 as appropriate, the Office of State Budget Director and the Finance and
 6 Administration Cabinet~~], and the Revenue Cabinet~~] shall certify whether there
 7 is a projected net positive economic impact to the Commonwealth and the
 8 expected amount of incremental state revenues from the project to the
 9 economic development authority or tourism development authority, as
 10 appropriate. Approval shall not be granted if it is determined that there is no
 11 projected net positive economic impact to the Commonwealth.

12 (c) The primary project entity shall pay all costs associated with the independent
 13 consultant's report.

14 (4) With respect to each city, county, or agency that applies for approval of a project
 15 and development area, the economic development authority or the tourism
 16 development authority, as appropriate, shall request materials and make all inquiries
 17 concerning the application the economic development authority or the tourism
 18 development authority, as appropriate, deems necessary. Upon review of the
 19 application and requested materials, and completion of inquiries, the economic
 20 development authority or the tourism development authority, as appropriate, may by
 21 resolution grant approval for:

22 (a) The development area and project for which an application has been
 23 submitted;

24 (b) The percentage of the Commonwealth's portion of the increment that the
 25 Commonwealth agrees to have distributed to the agency each year during the
 26 term of the grant contract;

27 (c) The maximum amount of costs for the project for which the increment may be

1 distributed to the agency; and

2 (d) The grant contract.

3 (5) Prior to any approval by the economic development authority or the tourism
4 development authority, as appropriate, the economic development authority or the
5 tourism development authority shall have received an ordinance adopted by the city
6 or county creating the development area and approving the project and establishing
7 the percentage of increment that the city and county are distributing each year to the
8 agency to pay for the development area for which economic development authority
9 or tourism development authority approval is sought. The economic development
10 authority or the tourism development authority, as appropriate, shall not approve a
11 percentage of the Commonwealth's portion of the increment to be distributed to the
12 agency each year with respect to a development area and project greater than the
13 percentage approved by the city or county creating the development area.

14 (6) The amount of increment available for a development area shall be no more than
15 eighty percent (80%) per year, but shall in no case exceed twenty-five percent
16 (25%) of the project costs during the term of the grant agreement.

17 (7) The terms and conditions of each grant contract are subject to negotiations between
18 the economic development authority or the tourism development authority, as
19 appropriate, and the other parties to the grant contract. The grant contract shall
20 include but not be limited to the following provisions: the activation date, the
21 agreed taxes to be included in the calculation of the increment, the percentage
22 increment to be contributed by the Commonwealth and other taxing districts, the
23 maximum amount of project costs, a description of the development area and the
24 project, the termination date, and the requirement that the agency annually certify to
25 the economic development authority or tourism development authority, as
26 appropriate, as to the use of the increment for payment of project costs in the
27 development area.

(8) The agency responsible for the development area that enters into the grant contract shall, after each year the grant contract is in effect, certify to the economic development authority or the tourism development authority, as appropriate:

(a) The amount of the increment used during the previous calendar year for the project costs; and

(b) That more than twenty-five percent (25%) of the total revenues derived from the project during the previous calendar year were attributable to sources outside the Commonwealth.

(9) (a) Any agency that enters into a grant contract for the release of any increments that may arise during the period of a grant contract shall, after each calendar year a grant contract is in effect, notify each taxing district obligated under the grant contract that an increment is due. In consultation with each taxing district, the agency shall determine the respective portion of the total increment due from each taxing district, and the determination of the agency shall be reviewed by an independent certified public accountant. The agency shall submit to the Department of Revenue~~[-Cabinet]~~ for certification its determination with respect to the total increment due together with the review of the certified public accountant and detailed information concerning ad valorem taxes, Kentucky individual income tax, Kentucky sales and use taxes, local insurance premium taxes, occupational license fees, and other such state taxes as may be determined by the Department of Revenue~~[-Cabinet]~~, including withholding taxes of employees of each taxpayer located in the development area.

1. Upon notification to the agency of the total increment by the Department of Revenue~~[-Cabinet]~~ and notice from the agency, each taxing district obligated under the grant contract, other than the Commonwealth, shall release to the agency the respective portion of the

1 total increment due under the grant contract. The agency shall certify to
 2 the Department of Revenue~~[-Cabinet]~~ on a calendar year basis the
 3 amount of the increments collected.

4 2. Upon certification of the total increment due from the Commonwealth
 5 by the Department of Revenue~~[-Cabinet]~~, the department~~[-Cabinet]~~ is
 6 authorized and directed to transfer the increment to a tax increment
 7 financing account established and administered by the Finance and
 8 Administration Cabinet for payment of the Commonwealth's portion of
 9 the increment. Prior to disbursement by the Finance and Administration
 10 Cabinet of the funds from the tax increment financing account, the
 11 economic development authority or the tourism development authority,
 12 as appropriate, shall notify the Finance and Administration Cabinet that
 13 the agency is in compliance with the terms of the grant contract. Upon
 14 notification, the Finance and Administration Cabinet is authorized and
 15 directed to release to the agency the Commonwealth's portion of the
 16 total increment due under the grant contract.

17 (b) The Department of Revenue~~[-Cabinet]~~ shall report to the economic
 18 development authority or the tourism development authority, as appropriate,
 19 on a calendar year basis the amount of the total increment released to an
 20 agency.

21 (10) The Department of Revenue~~[-Cabinet]~~ shall have the authority to establish
 22 operating procedures for the administration and determination of the
 23 Commonwealth's increment.

24 (11) The Department of Revenue~~[-Cabinet]~~ or agency shall have no obligation to refund
 25 or otherwise return any of the increment to the taxpayer from whom the increment
 26 arose or is attributable. Further, no additional increment resulting from audit,
 27 amended returns or other activity for any period shall be transferred to the trust

1 account established under subsection (9)(a)2. of this section and administered by the
 2 Finance and Administration Cabinet after the initial release to the agency of the
 3 Commonwealth's increment for that period.

4 Section 92. KRS 65.7621 is amended to read as follows:

5 As used in KRS 65.7621 to 65.7643, unless the context requires otherwise:

6 (1) "Administrator" means the executive director of the Office of the 911 Coordinator
 7 within the Commonwealth Office of Technology functioning as the state
 8 administrator of CMRS emergency telecommunications under Section 22 of this
 9 Act;

10 (2) "Automatic location identification", or "ALI" means an enhanced 911 service
 11 capability that enables the automatic display of information defining the
 12 approximate geographic location of the wireless telephone used to place a 911 call
 13 and includes the term "pseudo-automatic number identification;"

14 (3) "Automatic number identification", or "ANI" means an enhanced 911 service
 15 capability that enables the automatic display on an ALI screen of the ten-digit, or
 16 equivalent, wireless telephone number used to place a 911 call;

17 (4) "CMRS" means commercial mobile radio service under Sections 3(27) and 332(d)
 18 of the Federal Telecommunications Act of 1996, 47 U.S.C. secs. 151 et seq., and
 19 the Omnibus Budget Reconciliation Act of 1993, as it existed on August 10, 1993.
 20 The term includes the term "wireless" and service provided by any wireless real
 21 time two-way voice communication device, including radio-telephone
 22 communications used in cellular telephone service, personal communications
 23 service, and the functional or competitive equivalent of a radio-telephone
 24 communications line used in cellular telephone service, a personal communications
 25 service, or a network radio access line;

26 (5) "CMRS Board" or "board" means the Commercial Mobile Radio Service
 27 Emergency Telecommunications Board of Kentucky;

- 1 (6) "CMRS connection" means a mobile handset telephone number assigned to a
2 CMRS customer;
- 3 (7) "CMRS customer" means a person to whom a mobile handset telephone number is
4 assigned and to whom CMRS is provided in return for compensation;
- 5 (8) "CMRS Fund" means the commercial mobile radio service emergency
6 telecommunications fund;
- 7 (9) "CMRS provider" means a person or entity who provides CMRS to an end user,
8 including resellers;
- 9 (10) "CMRS service charge" means the CMRS emergency telephone service charge
10 levied under KRS 65.7629(3) and collected under KRS 65.7635;
- 11 (11) "FCC order" means the Order of the Federal Communications Commission, FCC
12 Docket No. 94-102, adopted effective October 1, 1996, including any subsequent
13 amendments or modifications thereof;
- 14 (12) "Local exchange carrier" or "LEC" means any person or entity who is authorized to
15 provide telephone exchange service or exchange access in the Commonwealth;
- 16 (13) "Local government" means any city, county, charter county, or urban-county
17 government of the Commonwealth, or any other governmental entity maintaining a
18 PSAP;
- 19 (14) "Mobile telephone handset telephone number" means the ten (10) digit number
20 assigned to a CMRS connection;
- 21 (15) "Proprietary information" means information held as private property, including
22 customer lists and other related information, technology descriptions, technical
23 information, or trade secrets;
- 24 (16) "Pseudo-automatic number identification" means a wireless enhanced 911 service
25 capability that enables the automatic display of the number of the cell site or cell
26 face;
- 27 (17) "Public safety answering point" or "PSAP" means a communications facility that is

1 assigned the responsibility to receive 911 calls originating in a given area and, as
2 appropriate, to dispatch public safety services or to extend, transfer, or relay 911
3 calls to appropriate public safety agencies;

4 (18) "Service supplier" means a person or entity who provides local exchange telephone
5 service to a telephone subscriber; and

6 (19) "Wireless enhanced 911 system," "wireless E911 system," "wireless enhanced 911
7 service," or "wireless E911 service" means an emergency telephone system that
8 provides the user of the CMRS connection with wireless 911 service and, in
9 addition, directs 911 calls to appropriate public safety answering points by selective
10 routing based on the geographical location from which the call originated and
11 provides the capability for automatic number identification and automatic location
12 identification features in accordance with the requirements of the FCC order.

13 Section 93. KRS 65.7623 is amended to read as follows:

14 (1) There is hereby created the Commercial Mobile Radio Service Emergency
15 Telecommunications Board of Kentucky, the "CMRS Board," consisting of eight
16 (8) members, appointed by the Governor as follows: three (3) members shall be
17 employed by or representative of the interest of CMRS providers; one (1) member
18 shall be a mayor of a city of the first or second class or urban-county government or
19 his or her designee containing a public safety answering point; one (1) nonvoting
20 member shall be appointed from a list of local exchange landline telephone
21 companies' representatives submitted by the Kentucky Telephone Association; and
22 one (1) member shall be appointed from lists of candidates submitted to the
23 Governor by the Kentucky Emergency Number Association and the Association of
24 Public Communications Officials. The commissioner of the State Police, or the
25 commissioner's designee, and the CMRS emergency telecommunications
26 administrator also shall be members of the board. Any vacancy on the board shall
27 be filled in the same manner as the original appointment.

1 (2) The commissioner and administrator shall serve by virtue of their office. The other
 2 members shall be appointed no later than August 15, 1998, for a term of four (4)
 3 years and until their successors are appointed and qualified, except that of the first
 4 appointments, one (1) shall be for a term of one (1) year, one (1) shall be for a term
 5 of two (2) years, one (1) for a term of three (3) years, and two (2) shall be for a term
 6 of four (4) years.

7 (3) In addition to the administrator, ~~appointed by the Governor under KRS 65.7625,~~
 8 ~~and other staff authorized under KRS 65.7629,~~ the Finance and Administration
 9 Cabinet shall provide staff services and carry out administrative duties and
 10 functions as directed by the board. The board shall be attached to the
 11 Commonwealth Office of ~~Governor's Office for~~ Technology for administrative
 12 purposes only and shall operate as an independent entity within state government.

13 (4) The board members shall serve without compensation but shall be reimbursed in
 14 accordance with KRS 45.101 for expenses incurred in connection with their official
 15 duties as members of the board.

16 (5) All administrative costs and expenses incurred in the operation of the board,
 17 including payments under subsection (4) of this section, shall be paid from that
 18 portion of the CMRS fund that is authorized under KRS 65.7631 to be used by the
 19 board for administrative purposes.

20 Section 94. KRS 65.7625 is amended to read as follows:

21 (1) The *executive director of the Office of the 911 Coordinator shall be the* ~~Governor~~
 22 ~~shall appoint a~~ state administrator of commercial mobile radio service emergency
 23 telecommunications ~~, subject to confirmation by the Senate, from a list of no more~~
 24 ~~than three (3) candidates recommended by the CMRS Board. The administrator~~
 25 ~~shall serve at the pleasure of the Governor. Vacancies shall be filled in the same~~
 26 ~~manner as the original appointment~~. The CMRS Board shall set the administrator's
 27 compensation, which shall be paid from that portion of the CMRS fund that is

1 authorized under KRS 65.7631(1) to be used by the board for administrative
2 purposes.

3 (2) The administrator of CMRS emergency telecommunications shall serve as a
4 member of the CMRS Board and, as the coordinator and administrative head of the
5 board, shall conduct the day-to-day operations of the board.

6 (3) The administrator shall, with the advice of the board, coordinate and direct a
7 statewide effort to expand and improve wireless enhanced emergency
8 telecommunications capabilities and responses throughout the state, including but
9 not limited to the implementation of wireless E911 service requirements of the FCC
10 order and rules and regulations adopted in carrying out that order. In this regard, the
11 administrator shall:

12 (a) Obtain, maintain, and disseminate information relating to emergency
13 telecommunications technology, advances, capabilities, and techniques;

14 (b) Coordinate and assist in the implementation of advancements and new
15 technology in the operation of emergency telecommunications in the state; and

16 (c) Implement compliance throughout the state with the wireless E911 service
17 requirements established by the FCC order and any rules or regulations which
18 are or may be adopted by the Federal Communications Commission in
19 carrying out the FCC order.

20 Section 95. KRS 67A.882 is amended to read as follows:

21 (1) Proposals for the construction of the project shall be solicited upon the basis of
22 submission of sealed, competitive bids after advertisement by publication pursuant
23 to KRS Chapter 424, following adoption of the ordinance of determination and
24 expiration of the permissive litigation period, or alternatively, the conclusion of
25 litigation in a manner favorable to the project.

26 (2) After all costs of the project have been determined upon the basis of the
27 construction bidding, the costs shall be apportioned among the owners of benefited

1 property pursuant to the method of assessment previously determined in the
2 ordinance of initiation and the ordinance of determination. However, in determining
3 the apportionment of individual costs for purposes of affording to the owners of
4 benefited property the privilege of paying the assessment levies in full on a lump-
5 sum basis, the urban-county government shall exclude amounts required for the
6 creation of the debt service reserve fund, capitalized interest costs, and any bond
7 discount which the government may allow in connection with the sale of bonds to
8 provide funds for the costs of construction not paid initially by the owners of
9 benefited properties on a lump-sum basis.

- 10 (3) The owners of benefited property shall be notified in writing of the exact amount
11 levied against their individual properties, which amount may, at the option of each
12 owner, be paid in full on a lump-sum basis within thirty (30) days. Such owners
13 shall be notified that in the event they exercise the option to pay in full on a lump-
14 sum basis and in the event any refund of lump-sum payments or of interest earned
15 on lump-sum payments is subsequently made, it shall be paid to the owners of the
16 benefited properties for which lump-sum payments have been made as determined
17 at the date the appropriate ordinance under either KRS 67A.894 or subsection (5) of
18 this section is adopted. The statement submitted to such owners of benefited
19 property shall additionally advise such owners that in the event such owners do not
20 elect to pay the special improvement benefit assessment in full within the period of
21 thirty (30) days from receipt, the urban-county government shall issue bonds
22 pursuant to KRS 67A.871 to 67A.894 for the purpose of providing the cost of
23 construction of the project, including the debt service reserve fund, if paid from
24 bond proceeds, capitalized interest costs, any bond discount, together with all other
25 costs, as the term is defined in KRS 67A.871(5). The owners of the benefited
26 property shall further be advised that bonds and the interest thereon shall be
27 amortized by annual improvement benefit assessment levies against all benefited

1 properties which have not made lump-sum payments in accordance with the method
2 of apportionment provided by the ordinance of initiation and the ordinance of
3 determination.

- 4 (4) At the conclusion of the thirty (30) day permissive lump-sum payment period, the
5 urban-county council shall determine the aggregate principal amount of
6 improvement benefit assessments paid in full by owners of benefited property; shall
7 order the deposit of the moneys in a trust account the principal of which shall be
8 used solely to pay the costs of construction of the project; shall aggregate all unpaid
9 improvement benefit assessments for purposes of determining the principal amount
10 of bonds to be issued by the government to provide the costs of the project; shall
11 compute the debt service reserve fund in respect to the bonds, if the fund is to be
12 capitalized from bond proceeds; shall determine the bond discount and capitalized
13 interest which shall be applicable to the issue of bonds; and shall proceed to
14 complete the financing of the costs of construction of the project through the
15 adoption of the ordinance of bond authorization as provided in KRS 67A.883 and
16 the sale of bonds authorized pursuant thereto. ~~[Provided, however, that the~~
17 ~~ordinance of bond authorization may, as provided in KRS 67A.884, provide that, in~~
18 ~~lieu of issuing bonds, the government may contract with the Kentucky Pollution~~
19 ~~Abatement Authority for the financing of the project, in which latter event all~~
20 ~~procedures with respect to the annual assessment of benefited properties shall~~
21 ~~continue in full force and effect, but the urban-county government shall secure~~
22 ~~funding for the project through the Kentucky Pollution Abatement Authority in lieu~~
23 ~~of issuing bonds and shall pledge to and pay to the authority the annual~~
24 ~~improvement benefit assessment levies and enforce them for the security of the~~
25 ~~financing.]~~
- 26 (5) If an urban-county government has taken steps under KRS 67A.871 to 67A.893 to
27 provide for, construct and finance any project, and finally determines, by

appropriate ordinance, that the project is essentially completed, the legislative body of the urban-county government may, in its discretion, refund any part, or all, of the interest earned on lump-sum payments, pro rata, to the current owners of the benefited properties which paid on a lump-sum basis, as determined at the date the ordinance determining the project is essentially completed is adopted.

Section 96. KRS 68.245 is amended to read as follows:

(1) The property valuation administrator shall submit an official estimate of real and personal property and new property assessment as defined in KRS 132.010, to the county judge/executive by April 1 of each year.

(2) No county fiscal court shall levy a tax rate, excluding any special tax rate which may be levied at the request of a county community improvement district pursuant to KRS 107.350 and 107.360, following a favorable vote upon such tax by the voters of that county, which exceeds the compensating tax rate defined in KRS 132.010, until the taxing district has complied with the provisions of subsection (5) of this section.

(3) The state local finance officer shall certify to each county judge/executive, by June 30 of each year, the following:

(a) The compensating tax rate, as defined in KRS 132.010, and the amount of revenue expected to be produced by it;

(b) The tax rate which will produce no more revenue from real property, exclusive of revenue from new property, than four percent (4%) over the amount of revenue produced by the compensating tax rate defined in KRS 132.010 and the amount of revenue expected to be produced by it.

(4) Real and personal property assessment and new property determined in accordance with KRS 132.010 shall be certified to the state local finance officer by the Department of Revenue~~[-Cabinet]~~ upon completion of action on property assessment data.

- 1 (5) (a) A county fiscal court, proposing to levy a tax rate, excluding any special tax
 2 rate which may be levied at the request of a county community improvement
 3 district pursuant to KRS 107.350 and 107.360, following a favorable vote
 4 upon the tax by the voters of that county, which exceeds the compensating tax
 5 rate defined in KRS 132.010, shall hold a public hearing to hear comments
 6 from the public regarding the proposed tax rate. The hearing shall be held in
 7 the principal office of the taxing district, or, in the event the taxing district has
 8 no office, or the office is not suitable for a hearing, the hearing shall be held in
 9 a suitable facility as near as possible to the geographic center of the district.
- 10 (b) County fiscal courts of counties containing a city of the first class proposing to
 11 levy a tax rate, excluding any special tax rate which may be levied at the
 12 request of a county community improvement district pursuant to KRS 107.350
 13 and 107.360, following a favorable vote upon the tax by the voters of that
 14 county, which exceeds the compensating tax rate defined in KRS 132.010,
 15 shall hold three (3) public hearings to hear comments from the public
 16 regarding the proposed tax rate. The hearings shall be held in three (3)
 17 separate locations; each location shall be determined by dividing the county
 18 into three (3) approximately equal geographic areas, and identifying a suitable
 19 facility as near as possible to the geographic center of each area.
- 20 (c) The county fiscal court shall advertise the hearing by causing to be published
 21 at least twice in two (2) consecutive weeks, in the newspaper of largest
 22 circulation in the county, a display type advertisement of not less than twelve
 23 (12) column inches, the following:
- 24 1. The tax rate levied in the preceding year, and the revenue produced by
 25 that rate;
 - 26 2. The tax rate proposed for the current year and the revenue expected to be
 27 produced by that rate;

- 1 3. The compensating tax rate and the revenue expected from it;
- 2 4. The revenue expected from new property and personal property;
- 3 5. The general areas to which revenue in excess of the revenue produced in
- 4 the preceding year is to be allocated;
- 5 6. A time and place for the public hearings which shall be held not less
- 6 than seven (7) days nor more than ten (10) days, after the day that the
- 7 second advertisement is published;
- 8 7. The purpose of the hearing; and
- 9 8. A statement to the effect that the General Assembly has required
- 10 publication of the advertisement and the information contained therein.
- 11 (d) In lieu of the two (2) published notices, a single notice containing the required
- 12 information may be sent by first-class mail to each person owning real
- 13 property, addressed to the property owner at his residence or principal place of
- 14 business as shown on the current year property tax roll.
- 15 (e) The hearing shall be open to the public. All persons desiring to be heard shall
- 16 be given an opportunity to present oral testimony. The county fiscal court may
- 17 set reasonable time limits for testimony.
- 18 (6) (a) That portion of a tax rate, excluding any special tax rate which may be levied
- 19 at the request of a county community improvement district pursuant to KRS
- 20 107.350 and 107.360, following a favorable vote upon a tax by the voters of
- 21 that county, levied by an action of a county fiscal court which will produce
- 22 revenue from real property, exclusive of revenue from new property, more
- 23 than four percent (4%) over the amount of revenue produced by the
- 24 compensating tax rate defined in KRS 132.010 shall be subject to a recall vote
- 25 or reconsideration by the taxing district, as provided for in KRS 132.017, and
- 26 shall be advertised as provided for in paragraph (b) of this subsection.
- 27 (b) The county fiscal court shall, within seven (7) days following adoption of an

ordinance to levy a tax rate, excluding any special tax rate which may be levied at the request of a county community improvement district pursuant to KRS 107.350 and 107.360, following a favorable vote upon a tax by the voters of that county, which will produce revenue from real property, exclusive of revenue from new property as defined in KRS 132.010, more than four percent (4%) over the amount of revenue produced by the compensating tax rate defined in KRS 132.010, cause to be published, in the newspaper of largest circulation in the county, a display type advertisement of not less than twelve (12) column inches the following:

1. The fact that the county fiscal court has adopted a rate;
2. The fact that the part of the rate which will produce revenue from real property, exclusive of new property as defined in KRS 132.010, in excess of four percent (4%) over the amount of revenue produced by the compensating tax rate defined in KRS 132.010 is subject to recall; and
3. The name, address, and telephone number of the county clerk, with a notation to the effect that that official can provide the necessary information about the petition required to initiate recall of the tax rate.

Section 97. KRS 68.260 is amended to read as follows:

- (1) The proposed county budget, tentatively approved by the fiscal court and approved by the state local finance officer as to form and classification, shall be submitted to the fiscal court for adoption not later than July 1 of each year. The budget as presented and amended shall be adopted as of July 1. The county judge/executive shall cause a copy of the proposed budget to be posted in a conspicuous place in the courthouse near the front door, and be published pursuant to KRS Chapter 424, at least seven (7) days before final adoption by the fiscal court.
- (2) Any taxpayer or group of taxpayers may petition the fiscal court in respect to the budget or any part thereof before final adoption.

(3) If the fiscal court rejects any part of the proposed budget, it shall make the changes in the nature and amount of funds a majority of the court considers desirable, but it has no power to make any change in the form or classification of the budget units or subdivisions of units.

(4) The fiscal court may amend the budget on the basis of the assessment from the Department of Revenue~~[Cabinet]~~. The fiscal court shall finalize the budget within thirty (30) days of the receipt of the certified assessment.

Section 98. KRS 75.040 is amended to read as follows:

(1) (a) Upon the creation of a fire protection district or a volunteer fire department district as provided in KRS 75.010 to 75.031, the trustees of a district are authorized to establish and operate a fire department and emergency ambulance service as provided in subsection (6) of this section and to levy a tax upon the property in the district, including that property within cities in a fire protection district or a volunteer fire department district, as provided by KRS 75.010(2) provided that the property is subject to county tax, and not exceeding ten cents (\$0.10) per one hundred dollars (\$100) of valuation as assessed for county taxes, for the purpose of defraying the expenses of the establishment, maintenance, and operation of the fire department or to make contracts for fire protection for the districts as provided in KRS 75.050. The rate set in this subsection shall apply, notwithstanding the provisions of KRS 132.023.

(b) A fire protection district or a volunteer fire department district that establishes and operates an emergency ambulance service and is the primary service provider in the district may levy a tax upon the property in the district not to exceed twenty cents (\$0.20) per one hundred dollars (\$100) of valuation as assessed for county taxes, for the purpose of defraying the expenses of the establishment, maintenance, and operation of the fire department and

1 emergency ambulance service or to make contracts for fire protection for the
 2 districts as provided in KRS 75.050. The rate set in this subsection shall
 3 apply, notwithstanding the provisions of KRS 132.023.

4 (2) The establishment, maintenance, and operation of a fire protection district or
 5 volunteer fire department district shall include, but not be limited to, the following
 6 activities:

- 7 (a) Acquisition and maintenance of adequate fire protection facilities;
- 8 (b) Acquisition and maintenance of adequate firefighting equipment;
- 9 (c) Recruitment, training, and supervision of firefighters;
- 10 (d) Control and extinguishment of fires;
- 11 (e) Prevention of fires;
- 12 (f) Conducting fire safety activities;
- 13 (g) Payment of compensation to firefighters and providing the necessary support
 14 and supervisory personnel;
- 15 (h) Payment for reasonable benefits or a nominal fee to volunteer firefighters
 16 when benefits and fees do not constitute wages or salaries under KRS Chapter
 17 337 and are not taxable as income to the volunteer firefighters under Kentucky
 18 or federal income tax laws; and
- 19 (i) The use of fire protection district equipment for activities which are for a
 20 public purpose and which do not materially diminish the value of the
 21 equipment.

22 (3) The property valuation administrator of the county or counties involved, with the
 23 cooperation of the board of trustees, shall note on the tax rolls the taxpayers and
 24 valuation of the property subject to such assessment. The county clerk shall
 25 compute the tax on the regular state and county tax bills in such manner as may be
 26 directed by regulation of the Department of Revenue[revenue cabinet].

27 (4) Such taxes shall be subject to the same delinquency date, discounts, penalties, and

1 interest as are applied to the collection of ad valorem taxes and shall be collected by
2 the sheriff of the county or counties involved and accounted for to the treasurer of
3 the district. The sheriff shall be entitled to a fee of one percent (1%) of the amount
4 collected by him.

5 (5) Nothing contained in this subsection shall be construed to prevent the trustees of a
6 fire protection district located in a city or county which provides emergency
7 ambulance service from using funds derived from taxes for the purpose of providing
8 supplemental emergency medical services so long as the mayor of the city or the
9 county judge/executive of the county, as appropriate, certifies to the trustees in
10 writing that supplemental emergency medical services are reasonably required in
11 the public interest. For the purposes of this subsection, "supplemental emergency
12 medical services" may include EMT, EMT-D, and paramedic services rendered at
13 the scene of an emergent accident or illness until an emergency ambulance can
14 arrive at the scene.

15 (6) The trustees of those fire protection districts or volunteer fire department districts
16 whose districts or portions thereof do not receive emergency ambulance services
17 from an emergency ambulance service district or, whose districts are not being
18 served by an emergency ambulance service operated or contracted by a city or
19 county government, may develop, maintain, and operate or contract for an
20 emergency ambulance service as part of any fire department created pursuant to this
21 chapter. No taxes levied pursuant to subsection (1) of this section shall be used to
22 develop, maintain, operate, or contract for an emergency ambulance service until
23 the tax year following the year the trustees of the district authorize the establishment
24 of the emergency ambulance service.

25 Section 99. KRS 76.278 is amended to read as follows:

26 (1) In order to establish a comprehensive sewage and sewage treatment system, or
27 storm water and surface drainage system, or both, within the sanitation tax district,

1 the sanitation tax district through its board may levy an ad valorem tax upon the real
2 property in the district, not exceeding limits designated by the Constitution of the
3 Commonwealth. Provided, however, that notice stating the amount of the proposed
4 tax and the area to be affected be published in a newspaper of bona fide circulation
5 as provided in KRS 424.130. Provided, further, that no resolution of the board
6 imposing an ad valorem tax shall go into effect until the expiration of thirty (30)
7 days after the first publication of the notice. If during the thirty (30) days next
8 following the first notice of said resolution, a petition signed by a number of
9 constitutionally qualified voters equal to fifteen percent (15%) of the votes cast
10 within the area affected at the last preceding general election, stating the residence
11 of each signer, and verified as to signatures and residence by the affidavits of one
12 (1) or more persons is presented to the county judge/executive protesting against
13 passage of such resolution or if the fiscal court passes a resolution suspending the
14 tax, the resolution shall be suspended from going into effect. The county
15 judge/executive shall notify the board of the sanitation tax district of the receipt of
16 the petition or of the suspension of the resolution or both. If the resolution is not
17 repealed by the board, the board shall submit to the voters of the area to be taxed, at
18 the next regularly-scheduled November election, the question as to whether the tax
19 shall be levied. The question as it will appear on the ballot shall be filed with the
20 county clerk not later than the second Tuesday in August preceding the regular
21 election. The question shall be so framed that the voter may by his vote answer
22 "for" or "against." If a majority of the votes cast upon the question oppose its
23 passage, the resolution shall not go into effect. If a majority of the votes cast upon
24 the question favor its passage, the resolution shall go into effect as of January 1 of
25 the year succeeding the year in which the election is held.

- 26 (2) When such tax levy has been fully approved, the property valuation administrator,
27 with the cooperation of the board shall note on the tax rolls the taxpayers and

1 valuation of the property subject to such tax. The county clerk shall compute the tax
 2 on the regular state and county tax bills in such manner as may be directed by
 3 regulation of the Department of Revenue~~[Cabinet]~~.

- 4 (3) Such ad valorem taxes shall be collected by the sheriff in accordance with the
 5 general law and accounted for to the board. The sheriff shall be entitled to a fee of
 6 one percent (1%) of the amount collected.

7 Section 100. KRS 91.4883 is amended to read as follows:

- 8 (1) Within thirty (30) days after the filing with the Circuit Court clerk of an
 9 enforcement suit for the collection of unpaid taxes under the provisions of KRS
 10 91.484 to 91.527, the collector shall cause a notice of enforcement to be published
 11 two (2) times, once each week, during successive weeks, and on the same day of
 12 each week, otherwise in accordance with the provisions of KRS Chapter 424.

- 13 (2) Such notice shall be in substantially the following form:

14 NOTICE OF ENFORCEMENT OF LIEN FOR DELINQUENT LAND TAXES BY
 15 ACTION IN REM

16 Public Notice is hereby given that on the day of, 19....., the City of
 17 of County, Kentucky, filed a petition, being Action Number
 18, in the Circuit Court of County, Kentucky, at (stating the city),
 19 for the enforcement of liens for delinquent land taxes against the real estate situated in
 20 such city, all as described in said petition.

21 The object of said suit is to obtain from the court a judgment enforcing the city's tax and
 22 other liens against such real estate and ordering the sale of such real estate for the
 23 satisfaction of said liens thereon (except right of redemption in favor of the United States
 24 of America if any), including principal, interest, penalties, and costs. Such action is
 25 brought against the real estate only and no personal judgment shall be entered therein.

26 The count number assigned by the city to each parcel of real estate, a description of each
 27 such parcel by street address and the property valuation administrator's tax parcel number

1 (district, block, lot and sub-lot), a statement of the total principal amount of all delinquent
 2 city tax bills against each such parcel of real estate, all of which, as to each parcel, is
 3 more fully set out and mentioned by count in the aforesaid petition, and the name of any
 4 taxing authority or person of record owning or holding any tax bill or claiming any right,
 5 title, or interest in or to, or lien upon, any such parcel of real estate as set out in the
 6 petition, are respectively as follows:

7 (Here set out the respective count numbers, property descriptions, names of taxpayers of
 8 record and statements of total principal amounts of tax bills, and names of those other
 9 interested persons of record next above referred to.)

10 The total principal amounts of delinquent taxes set out in this notice do not include the
 11 lawful interest, penalties, and costs which have accrued against the respective parcels of
 12 real estate.

13 Any person or taxing authority owning or holding any tax bill or claiming any right, title,
 14 or interest in or to, or lien upon, any such parcel of real estate must file an answer to such
 15 suit in the office of the Circuit Court clerk of county in, and a copy of
 16 such answer with the city of in accordance with the Kentucky Rules of Civil
 17 Procedure, on or before the day of, 19, and in such answer shall set forth
 18 in detail the nature and the amount of such interest and any defense or objection to the
 19 enforcement of the tax liens, or any affirmative relief he or it may be entitled to assert
 20 with respect thereto.

21 Any person having any right, title, or interest in or to, or lien upon, any parcel of such real
 22 estate may have the city's claims against such parcel dismissed from the action by paying
 23 all of the sums mentioned therein to the city of including principal, interest,
 24 penalties, and costs then due, at any time prior to the enforcement sale of such real estate
 25 by the master commissioner.

26 In the event of failure to answer on or before the date herein fixed as the last day for filing
 27 answer in the suit, by any person having the right to answer, such person shall be forever

1 barred and foreclosed as to any defense or objection he might have to the enforcement of
 2 such liens for delinquent taxes and the judgment of enforcement may be taken by default.
 3 Redemption may be made for a period of sixty (60) days after the master commissioner's
 4 enforcement sale, if the sale price is less than the parcel's current assessed value as
 5 certified by the Department of Revenue~~[-Cabinet]~~. Each such person having any right,
 6 title, or interest in or to, or any lien upon, any such parcel of real estate described in the
 7 petition so failing to answer or redeem, as aforesaid, shall be forever barred and
 8 foreclosed of any right, title, or interest in or to, or lien upon, or any equity of redemption
 9 in said real estate.

10 Kentucky

11 (name of city)

12
 13 Attorney

14

15

16

17 Address

18

19 Phone

20

21 Date of first publication

22 Section 101. KRS 91.4885 is amended to read as follows:

- 23 (1) The court shall order the master commissioner to sell, pursuant to the provisions of
 24 KRS 426.560 to 426.715, except as otherwise provided in this section, each parcel
 25 separately by individual count number. The court shall further order that a report of
 26 the sale be made by the master commissioner to the court for further proceedings
 27 under the provisions of KRS 91.484 to 91.527.

1 (2) Prior to the master commissioner's setting each parcel for sale pursuant to court
 2 order, the collector shall file with the Circuit Court clerk an affidavit as to the most
 3 recent certified tax assessment of each parcel to be sold. The most recent certified
 4 assessment of a property shall be the property valuation administrator's last
 5 assessment which shall have been certified by the Kentucky Department of
 6 Revenue~~[Cabinet]~~ to the county clerk, as required by KRS 133.180.

7 (3) The most recent certified assessment as sworn to in the affidavit furnished by the
 8 collector shall be used in all actions brought under KRS 91.484 to 91.527 to
 9 determine the owner's equity of redemption as provided by KRS 91.511(2).

10 Section 102. KRS 91.511 is amended to read as follows:

11 (1) At any time prior to the sale of the property any person having any right, title or
 12 interest in, or lien upon, any parcel of real estate described in the petition may
 13 discharge any city lien or satisfy a judgment in favor of the city as to said parcel of
 14 real estate by paying to the collector all of the sums mentioned therein, including
 15 the principal, interest, penalties, and costs then due.

16 (2) If the property is sold pursuant to the judgment or order of the court and does not
 17 bring its most recent assessed value certified by the Department of Revenue~~[~~
 18 ~~Cabinet]~~ to the county clerk as required by KRS 133.180, the owner may redeem it
 19 within sixty (60) days from the day of the sale, by paying the purchaser the original
 20 purchase money and interest at eighteen percent (18%) per annum. Any owner who
 21 redeems his land shall take a receipt from the purchaser and lodge it with the clerk
 22 of the court. The receipt shall be entered upon the records of the court.

23 (3) The owner may tender the redemption money to the purchaser, his agent or attorney,
 24 if found in the county where the land lies or in the county in which the judgment
 25 was obtained or order of sale made. If the money is refused, or if the purchaser does
 26 not reside in either of the counties, the owner may, before the expiration of the right
 27 of redemption, go to the clerk of the court in which the judgment was rendered or

1 the order made, and make affidavit of the tender and refusal, or that the purchaser or
 2 his agent or attorney do not reside in either of the counties. He may then pay to the
 3 clerk the redemption money, and the clerk shall give receipt therefor and file the
 4 affidavit among the papers of the action.

5 (4) When the right of redemption exists, the owner may remain in possession of the
 6 property until it expires. Real property so sold shall not be conveyed to the
 7 purchaser until the right of redemption has expired. If it is redeemed, the sale shall,
 8 from and after the redemption or from and after the deposit of the redemption
 9 money with the clerk, be null and void.

10 (5) In the event of failure to redeem within the period provided for redemption, the
 11 owner or any other party in interest shall be barred forever of all his right, title and
 12 interest in and to the parcel of real estate described in the petition.

13 (6) Upon redemption, as permitted by this section, the person redeeming shall be
 14 entitled to a certificate of redemption from the collector describing the property in
 15 the same manner as it is described in the petition and the collector shall thereupon
 16 note on his records the word "redeemed" and the date of the payment opposite the
 17 description of the parcel of real estate.

18 Section 103. KRS 96.820 is amended to read as follows:

19 (1) For the purposes of this section, unless the context requires otherwise:

20 (a) "Taxing jurisdiction" shall mean each county, each school district, each
 21 municipality, and each other special taxing district located within the state.

22 (b) "State" shall mean the Commonwealth of Kentucky.

23 (c) "Tax equivalent" shall mean the amount in lieu of taxes computed according
 24 to this section which is required to be paid by each board to the state and to
 25 each taxing jurisdiction in which the board operates and required by
 26 subsection (11) of KRS 96.570 to be included in resale rates.

27 (d) "Tax year" shall mean the twelve (12) calendar-month period ending with

December 31.

(e) "Current tax rate" shall mean the actual levied ad valorem property tax rate of the state and of each taxing jurisdiction which is applicable to all property of the same class as a board's property subject to taxation for the tax year involved.

(f) "Book value of property" or "book value of property owned by the board" shall mean the sum of:

1. The original cost (less reasonable depreciation or retirement reserve) of a board's electric plant in service on December 31 of the immediately preceding calendar year located within the state, used and held for use in the transmission, distribution, and generation of electric energy, and
2. The cost of the material and supplies owned by a board on December 31 of the immediately preceding calendar year. For the purpose of this definition, "electric plant in service" shall mean those items included in the "electric plant in service" account prescribed by the Federal Energy Regulatory Commission uniform system of accounts for electric utilities, and "material and supplies" shall mean those items included in the accounts grouped under the heading "material and supplies" in the said system of accounts.

(g) "Adjusted book value of property" or "adjusted book value of property owned by the board" shall mean the book value of property owned by the board excluding manufacturing machinery as interpreted by the Department of Revenue~~Cabinet~~ for franchise tax determination purposes.

(h) The "adjustment factor" shall be one hundred twenty-five percent (125%) for the tax year 1970. For each tax year thereafter, it shall be the duty of the Department of Revenue~~Cabinet~~ to compute the adjustment factor for that tax year as follows: For each five (5) percentage points or major fraction

thereof by which the adjustment ratio for electric utility property for the immediately preceding tax year exceeded or was less than one hundred sixteen percent (116%), five (5) percentage points shall be added to or subtracted from one hundred twenty-five percent (125%). For the purposes of this computation, "adjustment ratio for electric utility property" shall mean the ratio of total assessed value to total property value for all public service corporations distributing electric energy to more than fifty thousand (50,000) retail electric customers within the state. "Total assessed value" shall mean the total actual cash value assigned by the Department of Revenue~~[Cabinet]~~ for ad valorem property tax purposes to the property of such corporations located within the state (properly adjusted for property under construction). "Total property value" shall mean the sum of:

1. The depreciated original cost of the total utility plant in service of such corporations within the state, and
2. The book value of material and supplies of such corporations located within the state, both as derived from published reports of the Federal Energy Regulatory Commission, or in the absence thereof, from information provided to the Department of Revenue~~[Cabinet]~~ by such corporations.

(i) "Electric operations" shall mean all activities associated with the establishment, development, administration, and operation of any electric system and the supplying of electric energy and associated services to the public, including without limitation the generation, purchase, sale, and resale of electric energy and the purchase, use, and consumption thereof by ultimate consumers.

(2) It shall be the duty of each board, on or before April 30, to certify to the Department of Revenue~~[Cabinet]~~ the book value of property owned by the board

1 and the adjusted book value of property owned by the board and located within the
 2 state and within each taxing jurisdiction in which the board operates. A copy of the
 3 certification shall also be sent by the board to each such taxing jurisdiction. The
 4 book value of property and adjusted book value of property shall be determined, and
 5 the books and records of the board shall be kept in accordance with standard
 6 accounting practices, and the books and records of each board shall be subject to
 7 inspection by the Department of Revenue~~[Cabinet]~~ and by representatives of the
 8 affected taxing jurisdictions and to adjustment by the Department of Revenue~~[Cabinet]~~
 9 ~~Cabinet]~~ if found not to comply with the provisions of this section. Upon the receipt
 10 of the required certification from a board, the Department of Revenue~~[Cabinet]~~
 11 shall make any inspection and adjustment, hereinabove authorized, as it deems
 12 necessary, and no earlier than September 1 of each year the Department of
 13 Revenue~~[Cabinet]~~ shall certify to the board and to the county clerk of each county
 14 in which the board operates the book value of property owned by the board and the
 15 adjusted book value of property owned by the board, located within each taxing
 16 jurisdiction in which the board operates and within the state. At the same time, the
 17 Department of Revenue~~[Cabinet]~~ shall certify to the board and to the county clerk
 18 the adjustment factor for the tax year. The county clerk shall promptly certify the
 19 book value of property, the adjusted book value of property, and the adjustment
 20 factor certified by the Department of Revenue~~[Cabinet]~~, to the respective taxing
 21 jurisdiction in which the board operates.

22 (3) (a) Each board shall pay for each tax year, beginning with the tax year 1970, to
 23 the state and to each taxing jurisdiction in which the board operates, a tax
 24 equivalent from the revenues derived from the board's electric operations for
 25 that tax year, computed according to this subsection.

26 (b) The tax equivalent for each tax year payable to the state shall be the total of:

27 1. The book value of the property owned by the board within the state,

- 1 multiplied by the adjustment factor, multiplied by the current tax rate of
 2 the state, less thirty cents (\$0.30), plus
- 3 2. The state's portion of the amount payable under paragraph (d) of this
 4 subsection.
- 5 (c) The tax equivalent for each tax year payable to each taxing jurisdiction in
 6 which the board operates shall be the total of:
- 7 1. The adjusted book value of property owned by the board within the
 8 taxing jurisdiction, multiplied by the adjustment factor, multiplied by the
 9 current tax rate of the taxing jurisdiction; provided, however, for the
 10 purpose of this calculation the tax rate for school districts shall be
 11 increased by thirty cents (\$0.30), plus
- 12 2. The taxing jurisdiction's portion of the amount payable under paragraph
 13 (d) of this subsection.
- 14 (d) For purposes of this subsection, "amount payable" shall mean four-tenths of
 15 one percent (0.4%) of the book value of property owned by the board located
 16 within the state. The state shall be paid the same proportion of the amount
 17 payable as the payment to the state under subparagraph 1. of paragraph (b) of
 18 this subsection represents of the total payments to the state and all taxing
 19 jurisdictions in which the board operates required by subparagraph 1. of
 20 paragraph (b) and subparagraph 1. of paragraph (c) of this subsection. Each
 21 taxing jurisdiction in which the board operates shall be paid the same
 22 proportion of the amount payable as the payment to the taxing jurisdiction
 23 under subparagraph 1. of paragraph (c) of this subsection represents of the
 24 total payments to the state and all taxing jurisdictions in which the board
 25 operates required by subparagraph 1. of paragraph (b) and subparagraph 1. of
 26 paragraph (c) of this subsection. Under the regulations the Department of
 27 Revenue~~[Cabinet]~~ may prescribe, upon the board's receipt from the state and

1 taxing jurisdictions of notice of the amount due under subparagraph 1. of
 2 paragraph (b) and subparagraph 1. of paragraph (c) of this subsection, the
 3 board shall compute the portion of the amount payable which is due the state
 4 and each taxing jurisdiction in which the board operates.

5 (e) Payment of the tax equivalent under this section for each tax year shall be
 6 made by each board to the state within thirty (30) days after receipt by the
 7 board of the certification from the Department of Revenue~~[Cabinet]~~ required
 8 by subsection (2) of this section and shall be made directly to each taxing
 9 jurisdiction in which the board operates within thirty (30) days from the date
 10 of the certifications by the county clerk required by subsection (2) of this
 11 section. The state and each taxing jurisdiction in which a board operates shall
 12 have a superior lien upon the proceeds of the sale of electric energy by that
 13 board for the amounts required by this section to be paid to it.

14 (4) Except as hereinafter provided, the tax equivalents computed under this section
 15 shall be in lieu of all state, municipal, county, school district, special taxing district,
 16 other taxing district, and other state and local taxes or charges on the tangible and
 17 intangible property, the income, franchises, rights, and resources of every kind and
 18 description of any municipal electric system operating under KRS 96.550 to 96.900
 19 and on the electric operations of any board established pursuant thereto, and the tax
 20 equivalent for any tax year computed and payable under this section to the state or
 21 to any taxing jurisdiction in which any board operates shall be reduced by the
 22 aggregate amount of any tax or charge within the meaning of this sentence which is
 23 imposed by the state, or by any taxing jurisdiction in which a board operates, on the
 24 board, the electric system, or the board's electric operations. Provided, however, that
 25 if any school district in which property of a board is located has elected, or does
 26 hereafter elect, to apply the utility gross receipts license tax for schools to all utility
 27 services as provided by KRS 160.613 through KRS 160.617, or as may hereafter be

provided by other statutes, the amount of such utility gross receipts license tax shall not reduce, or in any manner affect, the amount payable to any such board or boards under the provisions of this section. It is the intent and purpose of this provision to eliminate all sums received by any such board or boards by reason of the utility gross receipts license tax from any computation of the amount payable under this section to any such board or boards, irrespective of the manner in which that payment is computed, so that, in no event, shall any sum received by any school district by reason of the utility gross receipts license tax reduce, directly or indirectly, the amount payable to such district under this chapter. Provided, further, that if the state shall levy a statewide retail sales or use tax on electric power or energy, collected by retailers of the energy from the vendees or users thereof, and imposed at the same rate or rates as are generally applicable to the sale or use of personal property or services, including natural or artificial gas, fuel oil, and coal as well as electric power or energy, the retail sales or use tax shall not be deemed to be a tax or charge within the meaning of the first sentence of this subsection, and the tax equivalent payable for the tax year to the state under this section shall not be reduced on account of such retail sales or use tax.

(5) (a) Notwithstanding subsection (3) of this section, until the first tax year in which the total of:

1. The tax equivalent payable to the state, or to any taxing jurisdiction in which the board operates, computed under subsection (3) of this section, plus
2. The additional amounts permitted to be paid to the state or taxing jurisdiction without deduction under the second and third sentences of subsection (4) of this section, exceeds the minimum payment to the state or taxing jurisdiction specified in paragraph (b) of this subsection, the tax equivalent for each tax year payable to the state or taxing jurisdiction

1 shall be an amount equal to the minimum payment computed under
2 paragraph (b) of this subsection.

3 (b) For purposes of this subsection, the minimum payment to the state or to any
4 taxing jurisdiction in which the board operates shall mean an amount equal to
5 the total of:

6 1. The largest actual payment made by the board pursuant to this section to
7 the state or to the taxing jurisdiction for any of the tax years 1964, 1965,
8 or 1966, plus

9 2. The state's or taxing jurisdiction's pro rata share of an amount equal to
10 four-tenths of one percent (0.4%) of the increase since July 1, 1964, in
11 the book value of property owned by the board within the state. For the
12 purposes of this paragraph "pro rata share" shall mean the same
13 proportion of the amount computed under this subparagraph as the
14 largest actual payment in lieu of taxes made by the board to the state or
15 taxing jurisdiction for the applicable tax year under subparagraph 1. of
16 this paragraph represents of the total amount of the largest actual
17 payments in lieu of taxes made by the board to the state and to all taxing
18 jurisdictions in which it operated for any of the applicable tax years.

19 (c) The provisions of paragraph (e) of subsection (3) of this section shall apply to
20 all payments required under this subsection.

21 (d) This subsection shall not be applicable for the first tax year specified in
22 paragraph (a) of this subsection or for any tax year thereafter, except however,
23 that tax year 1977 shall not be deemed as the "first tax year" as specified in
24 paragraph (a) and this subsection shall continue to apply in such cases.

25 Section 104. KRS 96.895 is amended to read as follows:

26 (1) Except for payments made directly by the Tennessee Valley Authority to counties,
27 the total fiscal year payment received by the Commonwealth of Kentucky from the

1 Tennessee Valley Authority, as authorized by section 13 of the Tennessee Valley
 2 Authority Act, as amended, shall be prorated thirty percent (30%) to the general
 3 fund of the Commonwealth and seventy percent (70%) among counties, cities, and
 4 school districts, as provided in subsection (2) of this section.

5 (2) The payment to each county, city, and school district shall be determined by the
 6 proportion that the book value of Tennessee Valley Authority property in such
 7 taxing district, multiplied by the current tax rate, bears to the total of the book
 8 values of Tennessee Valley Authority property in all such taxing districts in the
 9 Commonwealth, multiplied by their respective tax rates, provided, however, each
 10 public school district for the purposes of this calculation shall have their tax rate
 11 increased by thirty cents (\$0.30).

12 (3) As soon as practicable after the amount of payment to be made to the
 13 Commonwealth of Kentucky is finally determined by the Tennessee Valley
 14 Authority, the Kentucky Department of Revenue~~[-Cabinet]~~ shall determine the
 15 book value of Tennessee Valley Authority property in each county, city, and school
 16 district and shall prorate the total payments received from the Tennessee Valley
 17 Authority, except payments received directly from the Tennessee Valley Authority,
 18 among the distributees as provided in subsection (2) of this section. The
 19 Department of Revenue~~[-Cabinet]~~ shall certify the payment due each taxing district
 20 to the Finance and Administration Cabinet which shall make the payment to such
 21 district.

22 (4) As used in subsections (2) and (3) of this section, "Tennessee Valley Authority
 23 Property" means land owned by the United States and in the custody of the
 24 Tennessee Valley Authority, together with such improvements (including work in
 25 progress but excluding temporary construction facilities) as have a fixed situs
 26 thereon if and to the extent that such improvements either:

27 (a) Were in existence when title to the land on which they are situated was

1 acquired by the United States; or

2 (b) Are allocated by the Tennessee Valley Authority or determined by it to be
3 allocable to power; provided, however, that manufacturing machinery as
4 interpreted by the Department of Revenue~~[Cabinet]~~ for franchise tax
5 determination shall be excluded along with ash disposal systems and, coal
6 handling facilities, including railroads, cranes and hoists, crushing and
7 conveying equipment. As used in said subsections "book value" means
8 original cost unadjusted for depreciation as reflected in Tennessee Valley
9 Authority's books of account. "Book value" shall be determined, for purposes
10 of applying said subsections, as of the June 30 used by the Tennessee Valley
11 Authority in computing the annual payment to the Commonwealth which is
12 subject to redistribution by the Commonwealth.

13 (5) This section shall be applicable to all payments received after September 30, 1985,
14 from the Tennessee Valley Authority under Section 13 of the Tennessee Valley
15 Authority Act as amended.

16 Section 105. KRS 96A.320 is amended to read as follows:

17 (1) As used in KRS 96A.310 to 96A.370, the term "mass transportation program" shall
18 mean the provision of necessary funds by public bodies to transit authorities created
19 pursuant to KRS Chapter 96A with which to acquire, operate, and preserve mass
20 transportation facilities. A "mass transportation program" may also include a
21 method for the public body or public bodies to finance principal and interest
22 payments on any general obligation bonds issued pursuant to KRS 96A.120, or to
23 finance transportation-related facilities to promote the movement of vehicles and
24 people. Urban-county governments which initiate a "mass transportation program"
25 may include in this program the improvement of existing roads and the construction
26 of new roads.

27 (2) Public bodies which have been parties to the creation and establishment of transit

1 authorities, or who constitute the membership of such transit authorities, may,
 2 acting either individually or jointly, submit to either the electorates of such public
 3 bodies, or the electorate of the transit area encompassed by any such transit
 4 authority, but only in the manner and pursuant to the procedures set forth in KRS
 5 96A.310 to 96A.370, one (1) or more proposals for the approval of a mass
 6 transportation program to be financed by additional voted levies of ad valorem taxes
 7 upon all taxable property in such public body or public bodies. Such additional
 8 voted levies of ad valorem taxes upon all taxable property in any such public body
 9 shall never exceed in the aggregate the limits prescribed by the Constitution of
 10 Kentucky for any such public body.

11 (3) Public bodies which have been parties to the creation and establishment of transit
 12 authorities, or who constitute the membership of such transit authorities, may,
 13 acting either individually or jointly, submit to either the electorates of such public
 14 bodies, or the electorate of the transit area encompassed by any such transit
 15 authority, but only in the manner and pursuant to the procedures set forth in KRS
 16 96A.310 to 96A.370, one (1) or more proposals for the approval of a mass
 17 transportation program to be financed by voted levies of occupational license fees.
 18 Such voted levies of occupational license fees shall not exceed one percent (1%) of:

- 19 (a) Salaries, wages, commissions, and other compensation earned by persons for
 20 work done and services performed or rendered; and
- 21 (b) The net profits of businesses, trades, professions, or occupations from
 22 activities conducted in the public body, or the transit area, except public
 23 service companies, banks, trust companies, combined banks and trust
 24 companies, combined trust, banking and title companies, any savings and loan
 25 association whether state or federally chartered, and in all other cases where a
 26 public body is prohibited by law from imposing a license fee.

27 (4) (a) Public bodies which have been parties to the creation and establishment of

transit authorities, or who constitute the membership of such transit authorities, may, acting either individually or jointly, submit to either the electorates of such public bodies, or the electorate of the transit area encompassed by any such transit authority, but only in the manner and pursuant to the procedures set forth in KRS 96A.310 to 96A.370, one (1) or more proposals for the approval of a mass transportation program to be financed by the voted levy of a sales tax upon all retailers at a rate not to exceed one-half of one percent (0.5%) of the gross receipts of any retailer derived from "retail sales" or "sales at retail" made within the public body or public bodies, provided, however, that public transit sales tax shall not be levied on those retail sales which are exempted from the state sales tax by KRS Chapter 139 on June 19, 1976, or hereafter exempted.

(b) Any sales tax levied for said purpose shall be in addition to the sales tax authorized by Chapter 139 of the Kentucky Revised Statutes. Said public transportation sales tax shall be collected and administered under the provisions of Chapter 139 of the Kentucky Revised Statutes and the rules and regulations of the Kentucky Department of Revenue~~[Cabinet]~~.

(5) The Kentucky Department of Revenue~~[Cabinet]~~ shall refund that portion of the sales tax collected as a public transportation tax to the public body or bodies imposing said tax.

(6) Notwithstanding any other provision contrary hereto, a mass transportation program financed by a public body or public bodies from said sales tax shall be restricted by the following order of priorities, to wit:

(a) First, the annual payment of principal, interest, and sinking fund requirements on any general obligation bonds issued pursuant to KRS 96A.120;

(b) Second, appropriations to the transit authority to provide local matching funds for any available federal or state capital, operating, or planning and demonstration grant projects in accordance with the annual approved budget;

1 and

2 (c) Third, any excess funds in the control of each public body receiving said tax
3 shall be transferred to the general fund of each such public body for public
4 transportation and traffic improvement projects at any location within a city or
5 county, in any manner which said public body or public bodies determine will
6 improve transportation, road or traffic conditions, or in general will promote
7 the movement of people and vehicles.

8 Section 106. KRS 99.605 is amended to read as follows:

9 (1) Any owner of an existing residential building, or any owner or lessee of a
10 commercial facility, may make application to the administering agency for a
11 property assessment or reassessment moratorium certificate. The application shall
12 be filed within thirty (30) days before commencing restoration, repair,
13 rehabilitation, or stabilization and shall be filed in a manner prescribed by the
14 administering agency and on a form prescribed by the Department of Revenue
15 ~~Cabinet~~. The application shall contain or be accompanied by a general description
16 of the property and a general description of the proposed use of the property, the
17 general nature and extent of the restoration, repair, rehabilitation, or stabilization to
18 be undertaken and a time schedule for undertaking and completing the project. If the
19 property is a commercial facility, the application shall in addition, be accompanied
20 by a descriptive list of the fixed building equipment which will be a part of the
21 facility and a statement of the economic advantages expected from the moratorium,
22 including expected construction employment.

23 (2) Except as otherwise provided herein, the property valuation administrator, or other
24 assessing official, and the administering agency shall maintain a record of all
25 applications for a property assessment or reassessment moratorium and shall assess
26 or reassess the property within thirty (30) days of receipt of the application. The
27 administering agency shall issue a moratorium certificate only after completion of

1 the project. The applicant shall notify the administering agency when the project is
 2 complete and the administering agency shall then conduct an on-site inspection of
 3 the property for purposes of verifying improvements.

4 (3) The applicant shall have two (2) years in which to complete the improvement unless
 5 granted an extension by the administering agency. In no case shall the application
 6 be extended beyond two (2) additional years. This provision shall not preclude
 7 normal reassessment of the subject property.

8 (4) Any application for an assessment or reassessment moratorium not acted upon by
 9 the applicant shall become void two (2) years from the date of application and shall
 10 be purged from the files of the administering agency.

11 (5) An assessment or reassessment moratorium certificate may be transferred or
 12 assigned by the holder of the certificate to a new owner or lessee of the property.

13 Section 107. KRS 131.010 is amended to read as follows:

14 As used in this chapter, unless the context requires otherwise:

15 (1) "Commissioner~~[Secretary]~~" means the commissioner~~[secretary]~~ of revenue.

16 (2) "Department~~[Cabinet]~~" means the Department of Revenue~~[Cabinet]~~.

17 (3) "Fiduciary" means a guardian, trustee, executor, administrator, receiver,
 18 conservator, or any individual or corporation acting in a fiduciary capacity for any
 19 other person.

20 (4) "Taxpayer" means any person required or permitted by law or administrative
 21 regulation to perform any act subject to the administrative jurisdiction of the
 22 department~~[cabinet]~~ including, but not limited to, the following:

23 (a) File a report, return, statement, certification, claim, estimate, declaration,
 24 form, or other document;

25 (b) Furnish any information;

26 (c) Withhold, collect, or pay any tax, installment, estimate, or other funds;

27 (d) Secure any license, permit, or other authorization to conduct a business or

1 exercise any privilege, right, or responsibility.

2 (5) "Adjusted prime rate charged by banks" means the average predominant prime rate
3 quoted by commercial banks to large businesses, as determined by the board of
4 governors of the Federal Reserve System.

5 (6) "Tax interest rate" means the interest rate determined under KRS 131.183.

6 (7) "Tax" includes any assessment or license fee administered by the
7 department~~[cabinet]~~; however, it shall not include moneys withheld or collected by
8 the department~~[cabinet]~~ pursuant to KRS 131.560 or 160.627.

9 (8) "Return" or "report" means any properly completed and, if required, signed form,
10 statement, certification, claim estimate, declaration, or other document permitted or
11 required to be submitted or filed with the department~~[cabinet]~~, including returns
12 and reports or composites thereof which are permitted or required to be
13 electronically transmitted.

14 (9) "Reasonable cause" means an event, happening, or circumstance entirely beyond the
15 knowledge or control of a taxpayer who has exercised due care and prudence in the
16 filing of a return or report or the payment of monies due the department~~[cabinet]~~
17 pursuant to law or administrative regulation.

18 (10) "Fraud" means intentional or reckless disregard for the law, administrative
19 regulations, or established policies of the department~~[cabinet]~~ to evade the filing of
20 any return, report, or the payment of any monies due to the department~~[cabinet]~~
21 pursuant to law or administrative regulation.

22 Section 108. KRS 131.030 is amended to read as follows:

23 (1) The **Department of** Revenue~~[Cabinet]~~ shall exercise all administrative functions of
24 the state in relation to the state revenue and tax laws, the licensing and registering of
25 motor vehicles, the equalization of tax assessments, the assessment of public
26 utilities and public service corporations for taxes, the assessment of franchises, the
27 supervision of tax collections, and the enforcement of revenue and tax laws, either

1 directly or through supervision of tax administration activity in other departments to
 2 which the Department of Revenue~~[-Cabinet]~~ may commit administration of certain
 3 taxes.

4 (2) The Department of Revenue~~[-Cabinet]~~ shall have all the powers and duties with
 5 reference to assessment or equalization of the assessment of property heretofore
 6 exercised or performed by any state board or commission.

7 (3) The Department of Revenue~~[-Cabinet]~~ shall have all the powers and duties
 8 necessary to consider and settle tax cases under KRS 131.110 and refund claims
 9 made under KRS 134.580. The Department of Revenue~~[-Cabinet]~~ is encouraged to
 10 settle controversies on a fair and equitable basis and shall be authorized to settle tax
 11 controversies based on the hazards of litigation applicable to them.

12 (4) The Department of Revenue~~[-Cabinet]~~ shall have all the powers and duties
 13 necessary to collect any debts owed to the Commonwealth that are referred to the
 14 department~~[-cabinet]~~ by an organizational unit or administrative body in the
 15 executive branch of state government, as defined in KRS 12.010, and by the Court
 16 of Justice in the judicial branch of state government under KRS 45.241.

17 Section 109. KRS 131.051 is amended to read as follows:

18 As used in KRS 131.041 to 131.081, unless the context requires otherwise:

19 (1) "Taxpayer ombudsman" means the person appointed by the
 20 commissioner~~[-secretary]~~ of revenue to carry out the administrative functions and
 21 responsibilities relating to the Office of Taxpayer Ombudsman created pursuant to
 22 KRS 131.071.

23 (2) "Taxpayer representative" means any attorney, tax practitioner, or other person
 24 designated by a taxpayer to represent him before the department~~[-cabinet]~~ in any
 25 matter relating to taxes administered by the department~~[-cabinet]~~.

26 Section 110. KRS 131.061 is amended to read as follows:

27 In addition to all other rights or privileges afforded Kentucky taxpayers, and

1 notwithstanding any provisions of the Kentucky Revised Statutes to the contrary, the
 2 provisions of KRS 131.041 to 131.081 shall apply with regard to all taxes administered
 3 by the Department of Revenue~~[Cabinet]~~.

4 Section 111. KRS 131.081 is amended to read as follows:

5 The following rules, principles, or requirements shall apply in the administration of all
 6 taxes subject to the jurisdiction of the Department of Revenue~~[Cabinet]~~.

7 (1) The department~~[cabinet]~~ shall develop and implement a Kentucky tax education
 8 and information program directed at new taxpayers, taxpayer and industry groups,
 9 and department~~[cabinet]~~ employees to enhance the understanding of and
 10 compliance with Kentucky tax laws, including the application of new tax legislation
 11 to taxpayer activities and areas of recurrent taxpayer noncompliance or
 12 inconsistency of administration.

13 (2) The department~~[cabinet]~~ shall publish brief statements in simple and nontechnical
 14 language which explain procedures, remedies, and the rights and obligations of
 15 taxpayers and the department~~[cabinet]~~. These statements shall be provided to
 16 taxpayers with the initial notice of audit; each original notice of tax due; each denial
 17 or reduction of a refund or credit claimed by a taxpayer; each denial, cancellation,
 18 or revocation of any license, permit, or other required authorization applied for or
 19 held by a taxpayer; and, if practical and appropriate, in informational publications
 20 by the department~~[cabinet]~~ distributed to the public.

21 (3) Taxpayers shall have the right to be assisted or represented by an attorney,
 22 accountant, or other person in any conference, hearing, or other matter before the
 23 department~~[cabinet]~~. The taxpayer shall be informed of this right prior to conduct
 24 of any conference or hearing.

25 (4) The department~~[cabinet]~~ shall perform audits and conduct conferences and hearings
 26 only at reasonable times and places.

27 (5) Taxpayers shall have the right to make audio recordings of any conference with or

1 hearing by the department[cabinet]. The department[cabinet] may make similar
 2 audio recordings only if prior written notice is given to the taxpayer. The taxpayer
 3 shall be entitled to a copy of this department[cabinet] recording or a transcript as
 4 provided in KRS 61.874.

5 (6) If any taxpayer's failure to submit a timely return or payment to the
 6 department[cabinet] is due to the taxpayer's reasonable reliance on written advice
 7 from the department[cabinet], the taxpayer shall be relieved of any penalty or
 8 interest with respect thereto, provided the taxpayer requested the advice in writing
 9 from the department[cabinet] and the specific facts and circumstances of the
 10 activity or transaction were fully described in the taxpayer's request, the
 11 department[cabinet] did not subsequently rescind or modify the advice in writing,
 12 and there were no subsequent changes in applicable laws or regulations or a final
 13 decision of a court which rendered the department's[cabinet's] earlier written
 14 advice no longer valid.

15 (7) Taxpayers shall have the right to receive a copy of any audit of the
 16 department[cabinet] by the Auditor of Public Accounts relating to the
 17 department's[cabinet's] compliance with the provisions of KRS 131.041 to
 18 131.081.

19 (8) The department[cabinet] shall include with each notice of tax due a clear and
 20 concise description of the basis and amount of any tax, penalty, and interest
 21 assessed against the taxpayer, and copies of the agent's audit workpapers and the
 22 agent's written narrative setting forth the grounds upon which the assessment is
 23 made. Taxpayers shall be similarly notified regarding the denial or reduction of any
 24 refund or credit claim filed by a taxpayer.

25 (9) Taxpayers shall have the right to an installment payment agreement for the payment
 26 of delinquent taxes, penalties, and interest owed, provided the taxpayer requests the
 27 agreement in writing clearly demonstrating his inability to pay in full and that the